



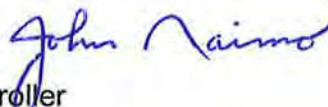
JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

February 2, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: John Naimo   
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR  
THE YEAR ENDED JUNE 30, 2014**

Attached is the audit report on the financial statements of the Los Angeles County Flood Control District (District) for the fiscal year ended June 30, 2014 (Attachment I). The audit was conducted by an independent Certified Public Accounting firm, Moss, Levy & Hartzheim, LLP (Moss), under the Auditor-Controller's master agreement for audit services. Moss' auditor's communication letter and the report on internal control are also attached (Attachment II).

Moss' report on the financial statements indicates that they present fairly, in all material respects, the financial position of the District, in accordance with accounting principles generally accepted in the United States of America.

As part of the audit, Moss reviewed the District's internal control over financial reporting and did not identify any deficiencies that they consider to be material weaknesses. Moss also tested the District's compliance with legal provisions, regulations, contracts, and grant agreements. Moss noted no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

If you have any questions, please contact me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:RS:MP

Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer  
Gail Farber, Director, Department of Public Works  
Public Information Office  
Audit Committee

# Los Angeles County Flood Control District

(A COMPONENT UNIT OF THE COUNTY OF LOS ANGELES, CALIFORNIA)



**Comprehensive Annual  
Financial Report  
Fiscal Year Ended June 30, 2014  
Director Gail Farber**



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014

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LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014

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# **Introductory Section**





GAIL FARBER, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

**Attachment I**  
**Page 5 of 101**

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE

REFER TO FILE: **FI-4**

December 30, 2014

TO: Each Supervisor *Mark Blute*  
FROM: *for* Gail Farber  
Director of Public Works

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT**

We are pleased to submit the Comprehensive Annual Financial Report of the Los Angeles County Flood Control District (District) for the fiscal year ended June 30, 2014. The District is a blended component unit of the County of Los Angeles. The report contains financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) for governmental entities and provides a comprehensive overview of the District's financial operations and financial position. The accuracy, completeness, and fairness of presentation of all information in this report are the responsibility of the District.

The Independent Auditor's Report is located at the front of the Financial Section of this report. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this transmittal letter and should be read in conjunction with it.

### **LOS ANGELES COUNTY FLOOD CONTROL DISTRICT AND ITS SERVICES**

The District was established in 1915 under the Los Angeles County Flood Control Act. The District's powers are exercised through your Board acting as the District's governing body. The District's mission is to provide for the control and conservation of the flood, storm, and other waste waters of the District, to conserve such waters for beneficial purposes and to protect the harbors, waterways, public highways, and private property within the District from flood and stormwater damage.

Each Supervisor  
December 30, 2014  
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The District boundaries encompass approximately 2,752 square miles. The District operates and maintains one of the most complex systems of flood control and water conservation in the County. The District's current infrastructure includes 14 major dams, 487 miles of open channels, 3,073 miles of underground storm drain conduits, more than 80,000 catch basins, 48 pump plants, 162 sediment entrapment basins, 234 crib dams, 29 sediment placement sites, 27 spreading grounds, 23 low-flow diversion structures, 1 constructed wetland, and 3 seawater intrusion barriers consisting of 290 injection wells. The District's major programs are categorized as Flood Risk Management, Storm and Recycled Water Recharge, and Watershed Health. These programs are described as follows:

- **Flood Risk Management** - This program includes the planning, operation, maintenance, and rehabilitation of flood control facilities; emergency preparedness; storm response; floodplain management; regulatory compliance; and public education.
- **Storm and Recycled Water Recharge** - This program includes the planning, operation, maintenance, and rehabilitation of water conservation facilities; regulatory compliance; and public education.
- **Watershed Health** - This program includes the compliance activities of the District as mandated under the Los Angeles County National Pollution Discharge Elimination System (NPDES) Permit. The District's responsibilities include conducting special water quality studies, water quality monitoring of the District's channel system, enforcement of an illicit connection and discharge program, and working with municipalities to implement control measures to reduce urban and stormwater runoff pollution.

## ECONOMIC OVERVIEW

Population growth and drought in the County will continue to increase demands on already limited water supplies. To address this demand, the District continues to look toward expanding water conservation programs and identifying more opportunities for stormwater capture, treatment, and recharge.

The District's revenue stream is primarily supported by benefit assessment and property taxes. Assessed property values are 5.47% higher than last year, which will provide additional property tax revenue to the District.

The District continues to seek grant opportunities to offset increasing costs, as well as partnerships and collaborative efforts with agencies and organizations to leverage



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resources. On November 7, 2006, voters approved California State Propositions 1E and 84, which allow the State to sell bonds for financing projects that will enhance flood protection and improve urban runoff and stormwater quality. To date, the District was awarded \$20 million in competitive grant funding from Proposition 1E for its Santa Anita Stormwater Flood Management and Seismic Strengthening Project, which included five elements: Santa Anita Dam Seismic Remediation/Riser Modification, Santa Anita Dam Spillway Modification, Santa Anita Debris Dam Seismic Retrofit, Santa Anita Headworks Rehabilitation, and Santa Anita Spreading Ground Improvements. An additional \$28.4 million was awarded for the Devil's Gate and Eaton Stormwater Flood Management Project, which includes Devil's Gate Reservoir Sediment Removal and Management Project, Devil's Gate Water Conservation Project, Eaton Wash Dam Rehabilitation Project, and Eaton Wash Spreading Grounds Improvements. The District also will receive Proposition 84 Grant Funds for Dominguez Westside Percolation Enhancements, Peck Pit Spreading Basin Improvement, Walnut Creek Spreading Basin Improvement, and Pacoima Spreading Grounds Improvement Projects for more than \$10 million. The City of Los Angeles Department of Water and Power (DWP) is providing funding in the amount of \$10 million each for Big Tujunga and Pacoima Reservoir sediment removal projects. The DWP is also providing funding of \$15 million for Pacoima Spreading Grounds Improvements and \$2 million for Lopez Spreading Grounds Improvements. Three Valleys Water District provided \$500,000 for the Live Oak Spreading Grounds Improvement Project supporting our ongoing interest and commitment to partner with local agencies to maximize water conservation and groundwater recharge benefits.

## **MAJOR INITIATIVES**

### **FUNDING**

In September 2010, the Governor of California signed into law AB 2554, an update to the Los Angeles County Flood Control Act, which provides the District with the authority to charge a clean water fee (subject to a proposition 218 vote) to pay for the cost of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution. Revenue from the proposed fee would be allocated to three different programs: 10 percent to the District for water quality monitoring, planning/modeling, and administration including fee collection and certification/auditing; 40 percent to cities and unincorporated County areas to be used for those jurisdictions' water quality improvement programs; and 50 percent to Watershed Area Groups to implement collaborative regional programs at the sub-watershed level. Earlier this year, your Board conducted a series of public hearings to receive testimony on the proposed Clean Water, Clean Beaches Measure. At the



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conclusion of the public hearings, your Board voted not to proceed with the Clean Water, Clean Beaches Measure at that time.

## FLOOD RISK MANAGEMENT

*Dam Rehabilitation Program* – The District has undertaken a program to upgrade its dams to meet current seismic and spillway requirements. The District has spent approximately \$162 million in construction costs for the Dam Rehabilitation Program since the 1994 Northridge Earthquake. Anticipated future construction projects under this program include Santa Anita Dam, Santa Anita Debris Dam, and Sawpit Debris Dam. As part of the Santa Anita Stormwater Flood Management and Seismic Strengthening Project, the District is planning \$40 million in modifications to existing facilities along the Santa Anita Wash. These facilities include Santa Anita Dam, Santa Anita Debris Dam, Santa Anita Spreading Grounds, and Santa Anita Headworks. The District entered into a Proposition 1E Grant Agreement with the State Department of Water Resources for \$20 million in matching funds to complete these improvements. For Puddingstone Dam, the District is currently conducting a \$1.1 million comprehensive dam safety evaluation project, which will include a thorough geotechnical investigation and updated seismic stability analyses.

*Dams Inlet/Outlet Works Rehabilitation Program* – As the District's dams continue to age, many of the inlet/outlet works and ancillary components such as flood control valves used for releasing reservoir water and utility systems are coming to the end of their useful lives and require major maintenance, repairs, and/or replacement. Since 2009, when the program was initiated, the District has completed or is now in the process of completing numerous inlet/outlet works projects totaling approximately \$40 million in construction costs. An additional \$50 million in inlet/outlet works rehabilitation projects is planned under this program over the next ten years.

*Security Action Plan for District's Major Dams* – The District started implementing physical infrastructure elements such as new hardened access gates and fencing, control house intrusion alarms, improved lighting, and other security features at select dams. These measures have been implemented at San Gabriel, Morris, San Dimas, and Eaton Wash Dams, totaling \$500,000 in construction costs. The estimated additional cost of further implementing this program at other District dams is estimated to be \$700,000 over the next four years.

*Integrated Regional Water Management Plans (IRWMP)* – This program, initiated by the State Department of Water Resources, brings together agencies and organizations with water resource interests to collaboratively address the water resource challenges in the County and surrounding areas. This collaborative effort includes the District, cities,

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water purveyors, water wholesalers, groundwater managers, environmental organizations, open space stakeholders, stormwater managers, and representatives from disadvantaged communities.

Cooperative Projects with the Army Corps of Engineers – The District is currently involved in several project studies being sponsored and conducted by the Army Corps of Engineers. Project objectives include flood protection, water conservation, and stream restoration. The projects are spread throughout the District and listed below:

- Arroyo Seco Watershed Feasibility Study
- Ballona Creek Ecosystem Restoration Study
- Coyote Creek Feasibility Study
- Los Angeles County Drainage Area Stormwater Management Plan Phase II
- Santa Clara River Feasibility Study
- Sun Valley Watershed Feasibility Study
- Whittier Narrows Water Conservation Study

Federal Emergency Management Agency (FEMA)–National Levee Certification Program Compliance – The District has a program that certifies that District-owned levees meet Federal flood protection standards. The objective is to ensure that all levees are evaluated and certified, enabling FEMA to continue to show them as providing flood protection from a 100-year flood on their Flood Insurance Rate Maps. To date, approximately 56 miles of levees have been certified but are awaiting acceptance from FEMA. Improvement alternatives are also being developed for approximately 14 miles of levees that have not been certified.

Integrated Water Resource Planning – This program addresses flood protection and water conservation goals of the District in an integrated fashion. The goal of this program is to undertake projects that provide multiple benefits to the communities served by the District which include flood protection, water conservation, water quality, and community enhancements such as active and passive recreational facilities. Funding for projects that go beyond the District's purview is provided through multiple partners such as State conservancies and other local, State, and Federal agencies.

Reservoir Sediment Removal – The District's 14 major dams and reservoirs are the backbone of the District's flood protection and water conservation network. The reservoirs also perform debris control due to their location in the San Gabriel Mountains, which are considered among the most erosive in the world. As a result of erosion, sediment from the tributary watersheds washes into reservoirs on a continuous basis. This accumulation of debris reduces the flood peak attenuation, stormwater capture for



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recharge, and debris control capacities of the facilities. After fires in 2008 and 2009, storm flows increased the sediment and debris inflow into these facilities. Several reservoirs have lost significant storage capacity and must be cleaned out. Anticipated construction projects under this program include Devil's Gate, Cogswell, Pacoima, Morris, and Big Tujunga Dams and Reservoirs. The cost to remove sediment from these facilities is expected to exceed \$250 million. Due to the large quantity of sediment, new locations and/or partnerships are being pursued in search of additional disposal options. The DWP provided \$10 million each for the Big Tujunga and Pacoima Reservoir Sediment Removal Projects.

Post-fire Sediment Management – The 2009 Station Fire, covering 160,000 acres, was the largest fire in Los Angeles County history, compounding the impacts of the 2009 Morris Fire and the 2008 Santa Anita, Merek, Sesnon and Sayre Fires. These fires impacted 6 of the District's reservoirs and more than 40 of the District's debris basins. Increased frequency and volume of cleanouts of the fire area debris basins have resulted in rapidly filling the District's nearby sediment placement sites and increased use of local landfills. The District expects the need for cleanouts of these fire area facilities and accelerated filling of sediment placement sites to continue as the normal recovery period on disasters like this is generally five years. Additionally, some of the reservoirs impacted by the fires do not have their own sediment placement sites, and although utilization of landfills is being coordinated for cleanouts of the District's fire area facilities, the landfills have their own limitations on accommodating the District's volume of debris. The District is exploring opportunities to acquire gravel pits in the City of Irwindale to use for sediment placement as well as groundwater recharge. In an effort to address how sediment will be handled over the next two decades, the department also developed a Sediment Management Strategic Plan with the assistance of stakeholders throughout the region.

Post-fire Debris Protection – In the aftermath of major fires that occur in the vicinities of neighborhoods, the District investigates the need and feasibility of installing temporary post-fire debris barriers to minimize mudflow impacts to these neighborhoods during storms. When installed, the temporary barriers remain in place and the debris collected by these barriers is removed as needed until the burned hillsides recover, usually about five years. The District installed four debris barriers in the 2007 Ranch Fire area (Castaic and Val Verde), three barriers in the 2008 Santa Anita Fire area (Sierra Madre), three barriers in the 2008 Merek and Sesnon Fire areas (Kagel/Lopez Canyons and Twin Lakes), and networks of barriers along several streets in the 2009 Station fire area (La Crescenta and La Canada Flintridge). About 75 percent of the District's material and installation costs were reimbursed by the Natural Resources Conservation Service under its Emergency Watershed Protection Program. As previously reported, the temporary barriers in the Ranch Fire area have been removed, as have the barriers



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in the Merek and Sesnon Fire areas. Removal of barriers in the Station Fire area is anticipated to take place in 2015. The District is installing a temporary debris barrier in the 2013 Madison Fire area (Monrovia). The barrier is anticipated to be removed in 2018. There will be no funding from the Natural Resources Conservation Service for this barrier due to the fall 2013 Federal Government shutdown.

## STORM AND RECYCLED WATER RECHARGE

Additional Spreading Ground Capacity – The District owns and operates 27 groundwater recharge facilities. These facilities allow stormwater runoff, imported water, and recycled water to be percolated into the aquifers. In the interest of improving storage and operational capacity, the District is considering acquiring land for new and expanded spreading grounds. The District is in the process of evaluating water conservation potential at various locations and collaborating with cities and water agencies to cost-share on capital improvements. The District recently completed improvements to the Hansen Spreading Grounds Intake at a cost of \$800,000. Additional anticipated construction projects under this program include improvements to Pacoima, Peck Pit, Dominguez Gap, Live Oak, Eaton Wash, San Gabriel Canyon, and Big Dalton Spreading Grounds, along with the Walnut Spreading Basin. Cost-sharing agreements are complete for Live Oak, Lopez, and Pacoima Spreading Grounds. Pacoima, Peck Pit, Dominguez Gap Spreading Grounds and the Walnut Spreading Basin have been chosen to receive Proposition 84 grant money for construction.

Seawater Intrusion Barriers – This program consists of three separate projects designed to prevent saltwater from contaminating underground freshwater supplies. The District has constructed more than 290 recharge wells to inject highly treated water into underground aquifers to form a wall of freshwater under enough pressure to keep out the seawater. The District also utilizes more than 750 observation wells to monitor groundwater levels and chloride concentrations in coastal areas. The District completed the condition assessment of existing pipelines, injection wells, and observation wells associated with the Dominguez Gap Barrier Project in November 2013 at a cost of \$1.1 million. This project was co-funded by the Water Replenishment District and the DWP, with both agencies contributing \$333,000 each. The District also constructed additional observation wells along the Alamitos Barrier in 2013, at a cost of \$1.5 million and with co-funding coming from the other agencies. Future barrier projects include the construction of the Dominguez Gap Barrier Project Telemetry System Phase 1 at a cost of \$1.8 million.

Long-Range Water Supply Planning and Climate Change – The District is partnering with the United States Department of the Interior – Bureau of Reclamation (Reclamation) to conduct the Los Angeles Basin Stormwater Conservation Study (LA

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Basin Study). The LA Basin Study is a long-range (80+ years) planning effort that has the objectives of evaluating the long-term potential of existing District facilities, other interrelated facilities, possible new facilities, and operational changes to increase the capture of stormwater for water supply. The LA Basin Study will carry out detailed scientific, engineering, and economic analyses to address future water supply and demand challenges as a result of climate change. The LA Basin Study is estimated to cost \$2.4 million funded under a cost-share arrangement in which Reclamation will provide in-kind services with a value of up to \$1 million with the remainder covered by the District and other local cost-share partners. The study began in January 2013 and will take two and one half years to complete.

#### WATERSHED HEALTH

Clean Water Act Compliance – As a discharger under the Federal Clean Water Act, the District is required to obtain coverage under a municipal stormwater NPDES permit to operate its flood control system and discharge runoff into the waters of the United States. The permit requires the District to implement programs and controls, including public education, illicit connection/illicit discharge controls, good housekeeping practices, and other control measures, to minimize urban and stormwater runoff pollution from its discharges. The District also conducts water quality monitoring within its drainage system to characterize its discharges, identify pollutant sources, and assess compliance with the permit.

#### INTERNAL AND BUDGETARY CONTROLS

The District has a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not outweigh related benefits and that the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the District's system of internal accounting controls adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions.

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California, commonly known as the County Budget Act, District budgets are adopted on or before October 2 of each fiscal year. Expenditures are controlled at the object level for all budget units within the District, except for capital asset expenditures,



Each Supervisor  
December 30, 2014  
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which are controlled at the object class level. Budgets are generally adopted for the District's General Fund and Debt Service Fund.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end.

Your Board approves all transfers of appropriations between budget units and transfers exceeding \$250,000 within budget units. Your Board must also approve necessary supplemental appropriations normally financed by unanticipated revenues earned during the year.

In addition to these procedural controls, the District is subject to periodic internal control, operational and management audits performed by the County Auditor-Controller to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The Auditor-Controller also operates a fraud hotline that provides employees and citizens a way to anonymously report perceived fraudulent activities by employees, vendors, contractors, and inspectors. Allegations reported through the hotline are evaluated and investigated by the Auditor-Controller as appropriate.

## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

The Continuing Disclosure Agreement dated January 1, 2003, by and between the Los Angeles County Flood Control District and The Bank of New York Trust Company, N. A., as Trustee, requires an annual audit of the basic financial statements of the District. Moss, Levy & Hartzheim, LLP, audited the District's basic financial statements for the fiscal year ended June 30, 2014. The auditor's report on the basic financial statements is included in the Financial Section of this report.

### **AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the seventh consecutive year the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



Each Supervisor  
December 30, 2014  
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A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement Program, and we will submit it to the GFOA for certification.

### **ACKNOWLEDGEMENTS**

This report could not have been prepared without the cooperative efforts of the staff of Public Works' Financial Management Branch; various Public Works line divisions, including the Watershed Management, Water Resources, Flood Maintenance, Construction, and Design Divisions, as well as the Public Relations Group; and the Auditor-Controller. The District would also like to thank our independent auditors, Moss, Levy & Hartzheim, LLP, for their professional assistance.

LH:rp

P:\fdpub\FCD Financial Statements\13-14 CAFR\Final Report 2014\FCD CAFR BOS Transmittal 2014.doc

Attach.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Los Angeles County  
Flood Control District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

**COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS**  
(for Period Ending June 30, 2014)

Don Knabe, Chairman  
Fourth District

Gloria Molina  
First District

Zev Yaroslavsky  
Third District

Mark Ridley-Thomas  
Second District

Michael D. Antonovich  
Fifth District

Sachi A. Hamai  
Executive Officer  
Board of Supervisors

**CONTRIBUTING COUNTY OFFICIALS**

Gail Farber  
Director of Public Works

William T. Fujioka  
Chief Executive Officer

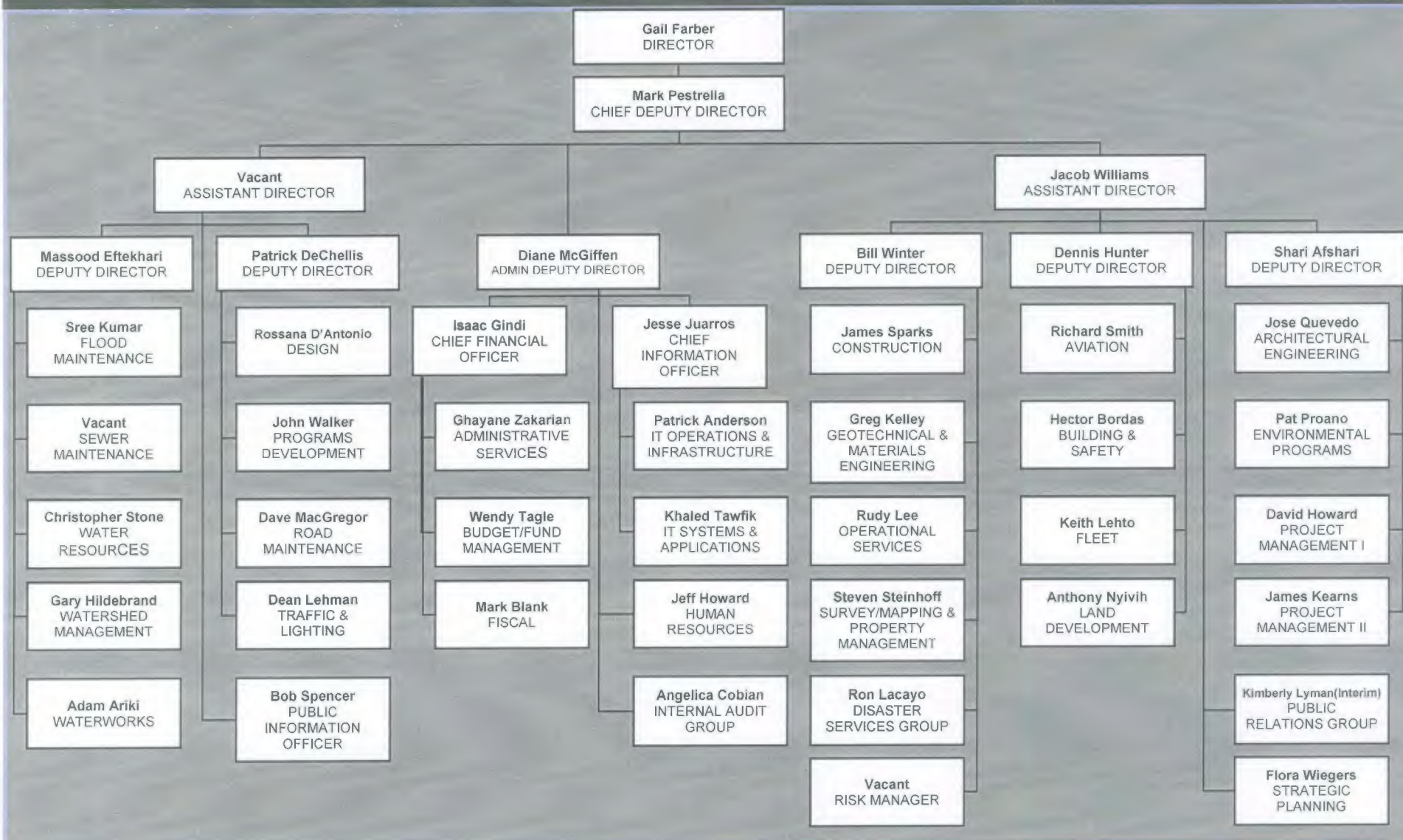
John Naimo  
Acting Auditor-Controller

Mark J. Saladino  
Treasurer and Tax Collector

John Krattli  
County Counsel



Department of Public Works  
dpw.lacounty.gov  
Organization Chart



# Financial Section



**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

**COMMERCIAL ACCOUNTING & TAX SERVICES**

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**GOVERNMENTAL AUDIT SERVICES**

5800 HANNUM AVE., SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**INDEPENDENT AUDITOR'S REPORT**

Honorable Board of Supervisors  
County of Los Angeles, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Los Angeles County Flood Control District (District), a blended component unit of the County of Los Angeles, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**OFFICES:** BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the District as of June 30, 2014, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Change in Accounting Principle*

As discussed in Note 2 to the basic financial statements, effective July 1, 2013, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Budgetary Comparison Schedules of the General Fund on pages 4 through 15 and page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, the Statement of Changes in Assets and Liabilities – Fiduciary Funds, and the Statistical Section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Statement of Changes in Assets and Liabilities – Fiduciary Funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Changes in Assets and Liabilities – Fiduciary Funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 22, 2014

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Los Angeles County Flood Control District's (District) financial performance provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with information contained in the letter of transmittal and accompanying basic financial statements, notes, and supplementary information.

The District is a component of a larger governmental unit, the County of Los Angeles (County). We also encourage readers to use the Comprehensive Annual Financial Report of the County of Los Angeles to provide perspective on the government-wide and fund based statements and on how the District is a component of those statements.

**FINANCIAL HIGHLIGHTS**

At the end of the reporting year, the net position (total assets less total liabilities) of the District was \$6.0 billion.

During the fiscal year, the District's net position increased by \$21.5 million. The increase was a result of the District's governmental activities. The District has no business-type activities to report.

At the end of this fiscal year, the District's General Fund reported a total fund balance of \$303.8 million. The fund balance categories and amounts consisted of restricted fund balance of \$303.7 million and assigned fund balance of \$0.1 million.

The District's capital asset balance net of accumulated depreciation was \$5.8 billion at fiscal year-end, and decreased by \$41.9 million during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes required and other supplementary information in addition to the basic financial statements.



LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference representing net position. Over time, increases or decreases in the District's net position may serve as an indicator of improvement or decline of its financial health.

The Statement of Activities shows the change in the District's net position during the fiscal year. All changes in net position are reported when the underlying events giving rise to the changes take place, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will affect future cash flow. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses that have been accrued but not yet paid.

The government-wide financial statements of the District report only one category, governmental activities, as the District has no business-type activities or discretely presented component units for which the District is financially accountable.

*Governmental Activities* – All of the District's basic services are included here. Property taxes and benefit assessments finance most of the District's flood control activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the District's significant funds. Funds are accounting devices used to keep track of specific funding sources and spending for particular purposes. The District has two kinds of funds:

*Governmental Funds* – All of the District's basic services are included in governmental funds, which focus on resource inflow and outflow and show available balances at year-end. The governmental fund statements provide a detailed short-term view that helps readers determine whether there is an increase or decrease in financial resources available for spending in the near future on the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we show the relationship between governmental activities and governmental funds using reconciliations on pages 19 and 22 and the notes to the basic financial statements.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

*Fiduciary Funds* – Assets held in an agency capacity for others and unable to be used to support District activities are known as fiduciary funds. The District's agency fund is reported in this fund category using the accrual basis of accounting.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes to the basic financial statements provide additional information, essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 24 of this report.

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning the District's budget as well as actual revenues and expenditures on a budgetary basis. The RSI is located on pages 45 through 47 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A comparative analysis of government-wide data is available and presented under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The District does not have business-type activities to report.

As noted earlier, net position can serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$6.0 billion at the close of the most recent fiscal year (see Table 1).

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**Table 1**

Summary of Net Position  
For the Fiscal Years Ended June 30, 2014 and 2013  
(in thousands)

	Governmental Activities	
	2014	2013
Current and other assets	\$ 357,007	\$ 282,804
Capital assets	<u>5,747,734</u>	<u>5,789,611</u>
Total assets	<u>\$6,104,741</u>	<u>\$6,072,415</u>
Current and other liabilities	\$ 45,390	\$ 32,769
Long-term liabilities	<u>36,340</u>	<u>39,885</u>
Total liabilities	<u>81,730</u>	<u>72,654</u>
Net position:		
Net investment in capital assets	5,730,254	5,769,841
Restricted net position	292,658	229,821
Unrestricted net position	<u>99</u>	<u>99</u>
Total net position	<u>6,023,011</u>	<u>5,999,761</u>
Total liabilities and net position	<u>\$6,104,741</u>	<u>\$6,072,415</u>

As indicated above, the District's total net position consists of the following three components:

**Net Investment in Capital Assets**

The District's net investment in capital assets total \$5.730 billion. This represents its investment in capital assets (e.g., land and easements, and buildings, improvements, infrastructure, and equipment—net of accumulated depreciation), less any outstanding debt related to acquiring those assets. At June 30, 2014, the District reported bonds payable of \$17.5 million related to capital assets. It should be noted that the resources needed to repay this debt must derive from other sources; the capital assets themselves usually are not utilized to liquidate these liabilities. The District uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

**Restricted Net Position**

The District's restricted net position at year-end was \$292.7 million, primarily for Capital Projects and Public Protection. These restrictions are imposed by bond covenants for construction, debt service, and reserves.



LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**Unrestricted Net Position**

The District's unrestricted net position of \$0.1 million is available to meet the District's ongoing financial requirements.

**Governmental Activities**

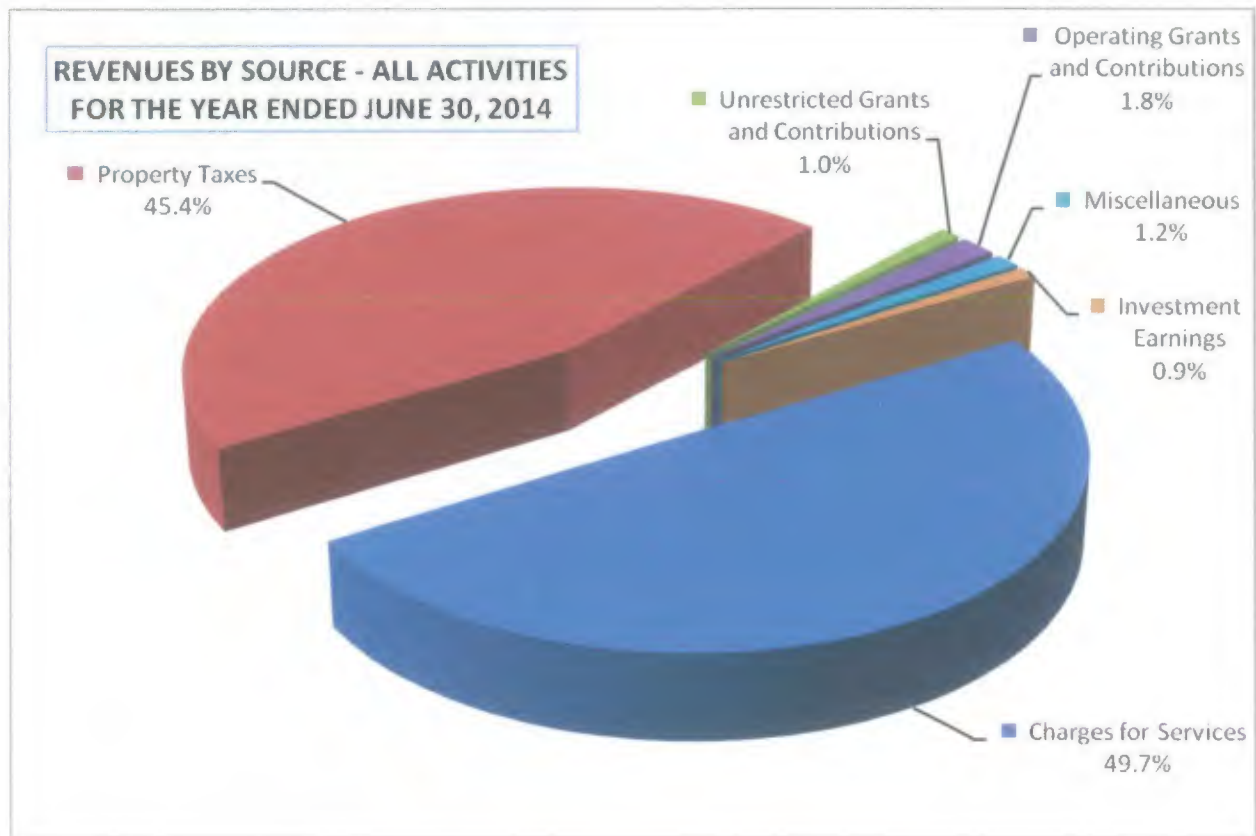
Table 2 indicates the changes in net position for the governmental activities.

**Table 2**

Summary of Changes in Net Position  
For the Fiscal Years Ended June 30, 2014 and 2013  
(in thousands)

	<b>Governmental Activities</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Revenues:		
Program revenues:		
Charges for services	\$ 126,553	\$ 127,755
Operating grants and contributions	4,528	4,372
General revenues:		
Property taxes	115,613	112,118
Unrestricted grants and contributions	2,534	5,176
Investment earnings	2,371	513
Miscellaneous	<u>3,002</u>	<u>4,901</u>
Total revenues	<u>254,601</u>	<u>254,835</u>
Expenses:		
Public protection	232,315	232,787
Interest on long-term debt	<u>770</u>	<u>1,376</u>
Total expenses	<u>233,085</u>	<u>234,163</u>
Changes in net position	21,516	20,672
Net position – beginning, restated	<u>6,001,495</u>	<u>5,979,089</u>
Net position – ending	<u>\$6,023,011</u>	<u>\$5,999,761</u>

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued



The District's change in net position was \$0.8 million more than the prior fiscal year. Following are the major factors that contributed to the net position changes:

- Revenues from governmental activities were nearly unchanged from the previous fiscal year; a decrease of \$0.2 million (-0.09%) from the prior fiscal year. The most significant change in revenue was in property taxes due to an increase of assessed property values and shifted property taxes due to State legislation which dissolved redevelopment agencies and shifted property taxes to local government agencies, including the Flood Control District.
- Governmental activity expenses did not change significantly from the prior fiscal year. Expenses were \$1.1 million (-0.46%) lower than the previous fiscal year due primarily to decreases in public protection.

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure compliance with finance related legal requirements, tracking funding sources and spending for defined purposes.

Types of governmental funds utilized by the District include General (commonly referred to as the Flood Fund) and Debt Service Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. The information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the District's governmental funds reported a combined fund balance of \$303.8 million, an increase of \$62.9 million in comparison with the prior fiscal year. Of the total fund balance, \$303.7 million is classified as restricted and \$0.1 million as assigned.

Revenues in the District's governmental funds, primarily the General Fund, were \$255.9 million, approximately the same as the previous fiscal year. Property taxes, which were \$116.4 million, were a major source of revenue for the governmental funds. Property taxes increased \$4.0 million (4%) from the previous fiscal year. As previously mentioned, the increase is due to higher assessed property values and property tax revenue from the dissolution of redevelopment agencies. Another significant source of revenue was charges for services, which were \$115.6 million. Charges for services decreased \$1.8 million (2%) from the previous fiscal year. Together, these two revenue sources accounted for 91% of total revenues for all the governmental funds.

Expenditures for the governmental funds totaled \$193.1 million, a decrease of \$15.1 million (7%) from the previous fiscal year. This was the result of scheduled debt service payments. For the reporting year, revenues for governmental activities exceeded expenditures by \$62.8 million.



**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Budgetary Summary – Revenues/Financing Sources**

Table 3 is a summary of reporting year budgetary changes and actual results for the District's General Fund revenues and other financing sources (in thousands).

**Table 3**

<b><u>Category</u></b>	<b>Increase (Decrease) From Original Budget</b>	<b>Final Budget Amount</b>	<b>Actual Amount</b>	<b>Variance - Positive (Negative)</b>
Taxes	\$ 15,249	\$ 113,839	\$ 117,197	\$ 3,358
Intergovernmental revenues		9,988	7,062	(2,926)
Charges for services		125,642	115,045	(10,597)
All other revenues	120	12,655	16,289	3,634
Other sources and transfers		68	87	19
Changes in fund balance		(5,775)	(1,121)	4,654
Total	\$ 15,369	\$ 256,417	\$ 254,559	\$ (1,858)

**Changes from Amounts Originally Budgeted**

During the fiscal year, the net change in the District's General Fund budget was a positive \$15 million. The change resulted from a \$15 million property tax revenue increase. The District's policy is to increase the budget for certain tax revenues that exceed the amounts originally budgeted. The revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.

**Actual Revenues/Financing Sources Compared With Final Budget Amounts**

Actual revenues and other financing sources recognized by the District's General Fund were \$1.9 million (1%) less than budgeted. The variance resulted primarily from the following:

- Decrease in Catch Basin Insert cleanout revenues from cities.
- Increase in reserves and designations as a result of the cancelation of existing contracts and purchase orders.

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**Budgetary Summary - Expenditures/Other Financing Uses**

Table 4 is a summary of current fiscal year budgetary changes and actual results for the District's General Fund expenditures and contingencies (in thousands).

**Table 4**

<u>Category</u>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance - Positive (Negative)</u>
Public protection and transfers out	\$ -	\$317,622	\$201,716	\$115,906
Contingencies	15,369	15,369		15,369
Total	\$ 15,369	\$332,991	\$201,716	\$131,275

**Changes from Amounts Originally Budgeted**

During the fiscal year, the net change in the District's General Fund budgeted contingencies was a positive \$15 million. The increase resulted from a Gann budget adjustment for property tax collection that exceeded the budgeted amount.

**Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts**

Actual expenditures and other financing uses in the District's General Fund were \$131 million lower than budgeted. The variance primarily resulted from changes in the District's project schedule that generally occur as a result of various circumstances delaying the award of construction projects. Delays are expected and an inventory of projects is kept ready for replacing projects that remain in planning stages or are otherwise delayed.

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, the District had \$5.75 billion (net of depreciation) invested in capital assets including land and easements, buildings and improvements, infrastructure, and equipment (see Table 5).

The District's capital assets (net of depreciation) for the reporting fiscal year decreased \$42 million (0.7%) from the prior fiscal year:

Table 5

Changes in Capital Assets, Net of Depreciation (in thousands)

	Reporting Year	Prior Year	Increase (Decrease)
Land and easements	\$3,666,176	\$3,663,736	\$ 2,440
Buildings and improvements (B&I)	62,624	63,133	(509)
Infrastructure	1,952,791	1,990,817	(38,026)
Equipment	651	534	117
Construction-in-progress - infrastructure	65,492	71,391	(5,899)
Total	\$5,747,734	\$5,789,611	\$ (41,877)

Infrastructure costs were capitalized for projects that remained in progress at the end of the fiscal year. The value of construction-in-progress at June 30, 2014, was \$65.5 million and the value will be classified in the Construction-in-Progress category until the projects are completed. For additional information on Capital Asset activity see Note 5 on page 38.

The \$30.2 million in infrastructure asset additions, transfers, and prior period adjustment (see Notes 5 and 14) included projects completed this fiscal year under the Construction-in-Progress category. The completed projects totaled \$29.2 million and primarily consisted of the following projects (asset values are prior to depreciation):

Barriers

- Alamitos Barrier Project, Unit 13 Observation Wells (\$2,224,000)

Catch Basins

- Consolidated Drain Road 122.002 Upgrade (\$51,200)

Dams

- Pacoima Dam – Hoist and Hoist Operator House for Cableway (\$2,582,000)
- Eaton Wash Dam and Reservoir Inlet/Outlet Works Rehabilitation (\$6,616,000)
- Santa Anita Dam and Reservoir Riser Modification (\$3,194,000)
- San Gabriel Dam Butterfly Valve Actuator Rehabilitation (\$1,739,500)



LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Capital Assets-Continued

Debris Basins

- Big Dalton Debris Dam seismic upgrades and Little Dalton Debris Dam inclined outlet pipe (\$2,352,800)

Pumping Plants

- Market Street Pump Station Upgrade and West Lakewood/Lakewood Pump Station Upgrade (\$1,517,200)
- Alameda and Avalon Pump Station Upgrade (\$2,775,100)
- Alamitos Bay Pump Station Upgrade, Phase 2 and Claretta Drain Pump Station Upgrade (\$1,831,500)

Spreading Grounds

- Dominquez Gap Spreading Grounds Berm and Spillway Repair (\$1,022,100)

Storm Drains

- Consolidated Drain Road 122.002 Upgrade (\$290,100)
- San Gabriel Channel Bike Path Tunnel Drain and Consolidated Drain Road 122.010 (\$261,100)
- Rio Hondo Coastal Basin Spreading Grounds (\$1,713,300)

**Debt Administration**

At June 30, 2014, the District had \$36.3 million in long-term debt. The District's long-term debt consisted of \$17.5 million in bonds and \$18.8 million in other liabilities. The District's long-term debt decreased by approximately \$3.5 million (9%) this fiscal year as a result of scheduled debt service payments. Specific disclosures related to long-term obligations appear in Notes 6 and 8.

Table 6 indicates changes in the District's long-term debt during the fiscal year:

Table 6

Changes in Long-Term Debt (in thousands)

	Current Fiscal Year	Prior Fiscal Year	(Increase) Decrease
Capital Construction and Refunding Bonds	\$ 4,390	\$ 5,745	\$1,355
Revenue Bonds	13,090	14,025	935
Other Liabilities	18,860	20,115	1,255
Total	\$36,340	\$39,885	\$3,545

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

**Bond Ratings**

The District's debt is rated by Moody's, Standard and Poor's, and Fitch. The following is a schedule of ratings:

	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Fitch</u>
Revenue Bonds	Aaa	AA	AAA

Since the previous year, the Flood Control District Revenue Bonds ratings remained the same.

**ECONOMIC CONDITIONS AND OUTLOOK**

The Board of Supervisors adopted the District's 2014-2015 Budget on June 23, 2014. The Budget was adopted based on the estimated fund balance that would be available at the end of 2013-2014. The Board updated the Budget on September 30, 2014, to reflect the final 2013-2014 fund balances and other pertinent financial information. For the District's General Fund, the 2014-2015 Budget utilized \$129 million of available fund balance, which exceeded the previously estimated fund balance of \$66 million. The additional fund balance of \$63 million was appropriated or designated for flood control infrastructure improvement needs.

The District's 2014-15 Budget anticipates the continuation of moderate growth that began in 2012-13. Revenues associated with sales taxes are trending higher and assessed property values are 5.74% higher in the current year, which will provide additional property tax revenues to the District. The District also faces unfunded liabilities for retiree healthcare and addressing maintenance and capital improvement needs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report was designed to provide citizens, taxpayers, customers, investors, creditors, and other stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Management Branch at the Department of Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803-1331.

# Basic Financial Statements



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014 (in thousands)

		GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>		
Pooled cash and investments (Notes 1 and 4)	\$	333,561
Advances to the County of Los Angeles		6,307
Taxes receivable		12,196
Interest receivable		816
Other receivables		4,127
Capital assets: (Notes 1 and 5)		
Land and easements and construction-in-progress	\$	3,731,668
Other capital assets, net of accumulated depreciation		2,016,066
Total capital assets		5,747,734
<b>TOTAL ASSETS</b>		<b>6,104,741</b>
<b>LIABILITIES</b>		
Accounts payable		4,218
Accrued interest payable		236
Unearned revenue		40,936
Noncurrent liabilities: (Notes 6 and 8)		
Due within one year		21,235
Due in more than one year		15,105
<b>TOTAL LIABILITIES</b>		<b>81,730</b>
<b>NET POSITION</b>		
Net investment in capital assets		5,730,254
Restricted for:		
Capital projects		104,963
Public protection		187,695
Unrestricted		99
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>6,023,011</b>

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Public protection	\$ 232,315	\$ 126,553	\$ 4,528	\$ -	\$ (101,234)
Interest on long-term debt	770				(770)
Total	<u>\$ 233,085</u>	<u>\$ 126,553</u>	<u>\$ 4,528</u>	<u>\$ -</u>	<u>(102,004)</u>
General revenues:					
Property taxes					115,613
Grants and contributions not restricted to special programs					2,534
Investment earnings					2,371
Miscellaneous					3,002
Total general revenues					<u>123,520</u>
Change in net position					21,516
Net position - July 1, 2013				5,999,761	
Prior Period Adjustment (Note 14)				<u>1,734</u>	
Net position - July 1, 2013, restated					<u>6,001,495</u>
Net position - June 30, 2014					<u>\$ 6,023,011</u>

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014 (in thousands)

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Pooled cash and investments (Notes 1 and 4)	\$ 333,561	\$ -	\$ 333,561
Advances to the County of Los Angeles	6,307		6,307
Taxes receivable	6,068		6,068
Interest receivable	816		816
Assessments receivable	6,128		6,128
Other receivables	4,127		4,127
<b>TOTAL ASSETS</b>	<b>\$ 357,007</b>	<b>\$ -</b>	<b>\$ 357,007</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 4,218	\$ -	\$ 4,218
Other payable	40,936		40,936
<b>TOTAL LIABILITIES</b>	<b>45,154</b>	<b>-</b>	<b>45,154</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unearned revenue - property taxes	8,070		8,070
<b>FUND BALANCES:</b>			
<b>Restricted:</b>			
Capital projects	104,963		104,963
Public protection	198,721		198,721
Assigned	99		99
<b>TOTAL FUND BALANCES</b>	<b>303,783</b>	<b>-</b>	<b>303,783</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 357,007</b>	<b>\$ -</b>	<b>\$ 357,007</b>

The notes to the basic financial statements are an integral part of this statement.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014 (in thousands)

Fund balance of total governmental funds (page 18)	\$	303,783
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets in governmental activities are not current financial resources and therefore are not reported in governmental funds:

Land and easements	\$	3,666,176	
Construction-in-progress		65,492	
Buildings and improvements - net		62,624	
Equipment - net		651	
Infrastructure - net		1,952,791	5,747,734

Other long-term assets are not available to pay for current-period expenditures and are deferred, or not recognized, in governmental funds:

Deferred inflows from property taxes		8,070
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Accrued interest payable is not recognized in governmental funds		(236)
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The following long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Bonds payable	(17,480)		
Litigation/self insurance	(18,860)		(36,340)

Net position of governmental activities (page 16)	\$	6,023,011
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The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$ 116,408	\$ -	\$ 116,408
Licenses and permits	788		788
Fines, forfeitures, and penalties	1,412		1,412
Interest	2,371		2,371
Rents and royalties	9,346		9,346
Intergovernmental revenues:			
Federal	281		281
State	5,013		5,013
Other	1,768		1,768
Charges for services	115,560		115,560
Miscellaneous	2,924		2,924
TOTAL REVENUES	255,871	-	255,871
EXPENDITURES:			
Current public protection:			
Services and supplies	178,202		178,202
Debt service:			
Principal		2,290	2,290
Interest		801	801
Capital outlay	11,766		11,766
TOTAL EXPENDITURES	189,968	3,091	193,059
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	65,903	(3,091)	62,812

The notes to the basic financial statements are an integral part of this statement.

Continued...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS-Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

	GENERAL	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	\$ 87	\$ -	\$ 87
Transfers in		3,091	3,091
Transfers out	(3,091)		(3,091)
OTHER FINANCING SOURCES (USES) - NET	(3,004)	3,091	87
NET CHANGE IN FUND BALANCES	62,899		62,899
FUND BALANCES - BEGINNING	240,884		240,884
FUND BALANCES - ENDING	\$ 303,783	\$ -	\$ 303,783

The notes to the basic financial statements are an integral part of this statement.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

Net change in fund balances - total governmental funds (page 21)	\$	62,899
--	----	--------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for general capital assets, infrastructure and other related capital asset adjustments				
Capital outlay	\$	11,766		
Capital outlay reported as Services & Supplies		<u>15,211</u>	\$	26,977
Less - current year depreciation expense			<u>(70,514)</u>	(43,537)

In the Statement of Activities, only the gain/(loss) on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources, thus, the change in net position differs from the change in fund balance	(74)
--	------

Revenue timing differences result in more/(less) revenue in Government-wide Statements	(1,348)
--	---------

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	2,290
--	-------

Accrued interest for bonds payable; this is the net change in accrued interest for the current period	31
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Some expenses reported in the accompanying Statement of Activities do not require (or provide) the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in litigation/self insurance		<u>1,255</u>
Change in net position of governmental activities (page 17)	\$	<u><u>21,516</u></u>

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2014 (in thousands)

	AGENCY FUND
	<hr/>
<b>ASSETS</b>	
Pooled cash and investments (Notes 1 and 4)	<hr/> \$ 9,487
 TOTAL ASSETS	 <hr/> <hr/> \$ 9,487
 <b>LIABILITIES</b>	
Deposits payable	<hr/> \$ 9,487
 TOTAL LIABILITIES	 <hr/> <hr/> \$ 9,487

The notes to the basic financial statements are an integral part of this statement.

# Notes to the Basic Financial Statements



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Los Angeles County Flood Control District's (District) mission is to carry out the objectives of the Los Angeles County Flood Control Act. Its objectives include providing for the control and conservation of flood, storm, and other wastewater, as well as protecting the harbors, waterways, public highways, and properties within the District from damage from flood or storm waters. The District's powers are exercised through the County of Los Angeles Board of Supervisors (Board), which acts as the District's governing body. The duties of the Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining whether to issue bonds authorized by the voters of the District.

Reporting Entity

District management has determined that the Public Works Financing Authority (PWFA) should be included in the basic financial statements of the District as a blended component unit. The PWFA is dependent upon the District for funding. The PWFA is a public agency organized pursuant to a Joint Exercise of Powers Agreement between the District and the County dated May 18, 1993. The PWFA is empowered to finance District capital assets through the issuance of bonds.

A blended component unit is an entity that, because of a close relationship with a primary government, should be blended in the basic financial statements as though it were part of the primary government. The District does not have any other component units that should be discretely presented. For additional information on PWFA, please contact the District's Financial Management Branch at the Department of Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803.

The District is included as a blended component unit of the County of Los Angeles financial reporting entity and is included in the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014. The financial resources and operations of the District are accounted for in the fund types discussed below.

Basic Financial Statements

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting incorporates all GASB pronouncements.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. The Statement of Net Position and Statement of Activities display information about the District with the exclusion of fiduciary activities.

Basis of Accounting

Government-wide financial statements are presented using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Proceeds of long-term debt are recorded as liabilities rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of related liabilities rather than as expenditures.

Net position is classified into the following three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Net position is reported as restricted when its use has been constrained by externally imposed conditions. Such conditions include limitations imposed by creditors (such as through debt covenants), grantors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, there were no restricted assets impacted by enabling legislation.

When both restricted and unrestricted net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

At June 30, 2014, the District had recorded restricted net position in the Governmental Activities as follows (in thousands):

	Governmental Activities
Restricted for:	
Capital Projects	\$ 104,963
Public Protection	187,695
Total Restricted	<u>\$ 292,658</u>



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for with a separate set of self balancing accounts comprised of its assets, liabilities, deferred inflows/outflows of resources, fund balances, revenues, and expenditures.

Fund Balance

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (District ordinances).

Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County's highest level of decision-making authority, the County's Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

same type of action (ordinance or resolution) it employed to previously commit those amounts. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

As mentioned, the Board establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. The District reviewed the GASB 54 criteria and determined that an ordinance and a resolution are equally binding, and either action can establish a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year. Once the budget is adopted, the limitations imposed by the budget remain in place until a similar action is taken.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County's Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and the Head of the Department of Public Works for contracts and purchasing authority.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2014 are as follows (in thousands):

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
Fund Balances			
Restricted for:			
Capital Projects	\$ 104,963	\$ -	\$ 104,963
Public Protection	198,721		198,721
Total Restricted	303,684		303,684
Assigned	99		99
Total Fund Balances	<u>\$ 303,783</u>	<u>\$ -</u>	<u>\$ 303,783</u>

Fund balances restricted for public protection are for the control and conservation of flood storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually and in the aggregate for governmental funds.

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for governmental and fiduciary fund categories are presented.

The District reports on the following major governmental funds:

- General Fund

The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

- Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt, including principal and interest.

The District also reports on the following fund:

- Fiduciary Fund (Agency Fund)

The Agency Fund is used to account for assets held by the District in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, or other funds. Such funds have no equity accounts since all assets are primarily made up of deposits due to individuals or entities at some future time. The Agency Fund consist of funds for the acquisition of rights-of-way for flood control projects and deposits received, from other governmental entities, private companies, and individuals, as part of an agreement, permit, contractual obligation, or other pre-payment requirement stemming from flood control construction projects or maintenance work.

Basis of Accounting

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the fiscal year. Secured and unsecured property taxes and benefit assessments estimated to be collectible in future years are recorded as receivables and unearned revenue. The accrual of property tax revenues is generally limited to the extent that collection takes place within 60 days following the balance sheet date.

Interest income and charges for current services are accrued when earned and determined available. Changes in the fair value of investments are recognized as revenues at the end of each year. Federal and State grants are recorded as revenue when determined to be available, entitlement occurs, and relevant expenditures are incurred. Revenues not accrued include licenses, permits, and miscellaneous revenues. Expenses are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with the exception of interest on long-term debt, which is recognized when payment is due.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

In the fund financial statements, governmental funds are presented using the current financial resource measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Noncurrent portions of long-term receivables due from governmental funds are reported on the District's balance sheet and are offset by unearned revenue. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

As a result of its spending measurement focus, expenditure recognition for governmental fund types excludes transactions involving noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Code and Revenue and Taxation Code. Property is assessed at full cash or market value (with some exceptions). Pursuant to such legislation, the Board levies a property tax to support general operations of the various jurisdictions (ad valorem tax). This tax is limited to one percent (1%) of full cash value of property and collections are distributed in accordance with statutory formulae. The District receives an apportionment from the property tax levy, which is a major source of District revenue.

Property taxes are levied on both real and personal property. Secured property taxes are levied in September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments: the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes delinquent and unpaid as of June 30, are declared to be tax defaulted and subject to redemption penalties, costs, and interest. Properties with delinquent taxes, unpaid after five years, are subject to being sold at public auction, and having the proceeds used to pay the delinquent amounts. Any excess is remitted to the taxpayer, if claimed.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent on August 31, if unpaid. Unsecured property tax receivables are reduced by an amount estimated to be uncollectible, which is based on a five-year historical average collection percentage.

Legislation Dissolving Redevelopment Agencies and Effect on Property Taxes

State Assembly Bill x1 26 (AB x1 26), also referred to as the "Redevelopment Dissolution Act," was upheld by the State Supreme Court in December 2011 and redevelopment agencies were dissolved on February 1, 2012. As a result, property taxes have shifted from redevelopment agencies to local government agencies, including the District.

Benefit Assessments

The District, as authorized by the State Government Code, levies an assessment on each parcel of real property within the District, except on property owned by Federal, State, or local government agencies. The assessment, as approved by the Board, is levied in proportion to benefits received and determined on the basis of the proportionate stormwater runoff from each parcel. The purpose of benefit assessments is to cover the cost of providing flood control services, not offset by other available revenues.

Deposits and Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying financial statements reflect the fair value of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund's share in the pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to various funds based on a pro rata share of the fund's average cash and investment balance as provided by Government Code Section 53647.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

The fair value of pooled investments is determined annually and based on current market prices. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals rather than market value.

Other Investments

"Other Investments" represents investment and interest earnings related to the debt issuance currently held in trust by the Bank of New York Trust Company, N. A.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlays are recorded as expenditures of the General and Capital Project Funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

The County's policy is to record infrastructure costs as services and supplies expenditures in the General Fund and capitalize as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

The District's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, and \$25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	15 to 100 years



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Unearned Revenue

Under the accrual basis and the modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position and governmental funds defer revenue recognition for resources that have been received at fiscal year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenue. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period.

Thus, governmental funds also defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB 65 "Items Previously Reported as Assets and Liabilities," the District recognized deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position and governmental fund balance sheets.

In addition to assets, the financial statements will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time.

Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. Refer to Note 13 for a detailed listing of the deferred outflows and inflows of resources the District recognized.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of some assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

2. NEW ACCOUNTING PRONOUNCEMENTS

The District has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement specifies the items that were previously reported as deferred outflows of resources, deferred inflow of resources, outflow of resources, or inflow of resources. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. The requirements of this Statement are effective for periods beginning after December 15, 2012. Implementation of the Statement and the impact on the District's financial statements are explained in Notes 1 and 13.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66 "Technical Corrections – 2012; an amendment of GASB Statement No. 10 and No. 62." This Statement is effective for periods beginning after December 15, 2012. Implementation of GASB Statement No. 66 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. Implementation of GASB 67 required changes and additions in the Notes to the Financial Statements, Required Supplementary Information, and other Supplementary information and did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. This Statement establishes accounting and financial reporting standards or situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. Implementation of GASB Statement No. 70 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

3. TRANSACTIONS WITH THE COUNTY

Pursuant to an agreement between the District and the County, the County is responsible for providing all necessary employees to the District for purposes of performing District functions. Costs related to these employees are billed to the District based on actual time spent providing services to the District. Supply and equipment costs are also billed based on actual usage by the District. Accordingly, the District has no supplies inventory or employee-related liabilities (e.g., pension, compensated absences, and workers' compensation). For the fiscal year ended June 30, 2014, the County's billings to the District's General Fund approximated \$107,114,000. Costs associated with shared equipment and inventory funded through the Department of Public Works' Internal Service Fund are recorded in the District's financial statements as expenses under "Public Protection." For the fiscal year ended June 30, 2014, this expense from the District's General Fund was \$3,559,000.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

3. TRANSACTIONS WITH THE COUNTY-Continued

The District has numerous transactions with the other funds of the County to finance operations, provide services, purchase assets, and apportion property taxes. To the extent that some transactions between the District and these funds were not paid or received by June 30, 2014, the net balances of interfund amounts receivable or payable were converted to cash for financial statement presentation.

On April 16, 1990, the District entered into a cost-sharing agreement with the County, relative to the Public Works headquarters building. Still in effect, the agreement provides for the County to make rental payments to the District in exchange for its occupancy of the building. Furthermore, the County agreed to pay for its proportionate share of the headquarters operating costs. For the fiscal year ended June 30, 2014, County rental payments to the District totaled \$5,160,000.

The District issued certificates of participation in 1987 to acquire its headquarters building. These certificates were defeased and replaced with refunding bonds in August 1993. The 1993 refunding bonds were refunded in January 2003 (see Note 6). The District's management has no intention of selling the headquarters building. However, in the event the headquarters were to be sold, the proceeds of the sale in excess of any outstanding indebtedness would be shared by the District and the County in proportion to each entity's share of the headquarters' cost.

4. CASH AND INVESTMENTS

Pooled Cash and Investments

As provided for by the Government Code, some cash balances of the District are pooled and invested by the County Treasurer but are subject to withdrawal from the pool upon demand. As of June 30, 2014, the District's share of the total pooled cash and investments included in the Statement of Net Position and Balance Sheet under "pooled cash and investments" was \$333,561,000, which represents approximately 1.59% of the total pool. The "pooled cash and investments" reported on the Statement of Fiduciary Assets and Liabilities was \$9,487,000.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

4. CASH AND INVESTMENTS-Continued

Pooled Cash and Investments-Continued

Interest earned on pooled investments is deposited monthly and is based upon the average daily deposit balance during the allocation period. Investment gains and losses are proportionately shared by the entities participating in the pool as an increase or reduction in interest earnings. The net unrealized loss on the District's proportionate share of investments held in the Treasurer's Pool was \$1,503,000 as of June 30, 2014. Statutes authorize the pool to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

Investments are managed by the County Treasurer, who provides status reports on a monthly basis to the Board. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasurer's Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

Other Investments

Short-term investments of Milestone Treasury are managed by the Bank of New York Trust Company, N. A.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, is as follows (in thousands):

	Balance July 1, 2013	Transfers	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2014
<b><u>Governmental Activities</u></b>						
<b>Capital assets, not depreciated:</b>						
Land and easements	\$3,663,736	\$ -	\$ 2,514	\$ (74)	\$ -	\$3,666,176
Construction-in-progress – Infrastructure	<u>71,391</u>	<u>(29,247)</u>	<u>23,348</u>	<u>-</u>	<u>-</u>	<u>65,492</u>
Subtotal	<u>3,735,127</u>	<u>(29,247)</u>	<u>25,862</u>	<u>74</u>	<u>-</u>	<u>3,731,668</u>
<b>Capital assets, being depreciated:</b>						
Buildings and improvements	96,613	-	-	-	1,734	98,347
Equipment	1,711	-	212	(16)	-	1,907
Infrastructure	<u>3,739,844</u>	<u>29,247</u>	<u>903</u>	<u>-</u>	<u>-</u>	<u>3,769,994</u>
Subtotal	<u>3,838,168</u>	<u>29,247</u>	<u>1,115</u>	<u>(16)</u>	<u>1,734</u>	<u>3,870,248</u>
<b>Less accumulated depreciation:</b>						
Buildings and improvements	33,480	-	2,243	-	-	35,723
Equipment	1,177	-	95	(16)	-	1,256
Infrastructure	<u>1,749,027</u>	<u>-</u>	<u>68,176</u>	<u>-</u>	<u>-</u>	<u>1,817,203</u>
Subtotal	<u>1,783,684</u>	<u>-</u>	<u>70,514</u>	<u>(16)</u>	<u>-</u>	<u>1,854,182</u>
Total capital assets, being depreciated, net	<u>2,054,484</u>	<u>29,247</u>	<u>(69,399)</u>	<u>-</u>	<u>1,734</u>	<u>2,016,066</u>
Total capital assets, net	<u>\$5,789,611</u>	<u>\$ -</u>	<u>\$ (45,537)</u>	<u>\$ (74)</u>	<u>\$ 1,734</u>	<u>\$5,747,734</u>

**Depreciation Expense**

Governmental activities:

Public protection \$ 70,514

Total depreciation expense,  
governmental activities \$ 70,514

The District records construction-in-progress–infrastructure costs as services and supplies expenditures in the General Fund and capitalize as assets once the infrastructure asset is completed and meets the capitalization threshold. If the capitalization threshold of \$25,000 for infrastructure assets is not met, the expenditures are deleted from construction-in-progress–infrastructure. The transfer from construction-in-progress–infrastructure to infrastructure represents assets that have been completed in the fiscal year.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

5. CAPITAL ASSETS-Continued

The capital asset adjustment of \$26,977,000 shown in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the fiscal year ended June 30, 2014 (see page 22), is detailed as follows (in thousands):

Capital Asset Adjustments

Addition of Capital Assets, not depreciated:	
Land and easement	\$ 2,514
Construction in progress-Infrastructure	23,348
Addition of Capital Assets, being depreciated:	
Equipment	212
Infrastructure	903
Total Capital Assets Adjustments	<u>\$ 26,977</u>

6. LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of capital construction and refunding bonds and other liabilities (see Note 8).

Capital Construction and Refunding Bonds

On January 30, 2003, the Los Angeles County Public Works Financing Authority issued \$143,195,000 in refunding revenue bonds, maturing on various dates between 2004 and 2017, with an average interest rate of 3.34%. These bonds were issued to refund the outstanding principal amount of \$147,565,000 of capital construction and refunding bonds issued in 1993 at an interest rate of 5%.

The District's capital construction and refunding bonds outstanding at June 30, 2014, are summarized as follows (in thousands):

\$143,195 issued in 2003; due in annual installments through 2017; average interest at 3.34%	\$4,390
--	---------

Aggregate maturity of capital construction and refunding bonds as of June 30, 2014, are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,405	\$ 181
2016	1,465	125
2017	1,520	65
Total	<u>\$ 4,390</u>	<u>\$ 371</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

6. LONG-TERM OBLIGATIONS-Continued

Revenue Bonds Series 2005A

On July 13, 2005, the Los Angeles County Public Works Financing Authority issued \$20,540,000 in revenue bonds, maturing on various dates between 2006 and 2025, with interest rates ranging from 4% to 4.125%. Bond proceeds were used to finance the design, renovation, improvement, and seismic retrofitting of the District's headquarters building and to pay some costs of issuance incurred in connection with the Series 2005A Bonds. The District's revenue bonds outstanding at June 30, 2014, are summarized as follows (in thousands):

\$20,540 issued in 2005; due in annual installments through 2025; interest at 4.0% to 4.125%	\$13,090
--	----------

Aggregate maturity of revenue bonds as of June 30, 2014, is as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 970	\$ 528
2016	1,010	489
2017	1,050	449
2018	1,090	407
2019	1,135	363
2020-2024	6,395	1,097
2025	1,440	59
Total	<u>\$ 13,090</u>	<u>\$ 3,392</u>

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2014 (in thousands):

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	\$19,770	\$ -	\$ (2,290)	\$ 17,480	\$ 2,375
Other Liabilities (Note 8)	20,115	(1,147)	(108)	18,860	18,860
Total	<u>\$39,885</u>	<u>\$(1,147)</u>	<u>\$ (2,398)</u>	<u>\$ 36,340</u>	<u>\$21,235</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

7. INTERFUND TRANSACTIONS

Interfund transfers made during the fiscal year between the General, Debt Service, and Capital Project Funds were in accordance with long-term debt covenants. Interfund transfers to/from other funds for the fiscal year ended June 30, 2014, were as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$3,091

8. RISK MANAGEMENT

The District is self-insured and has programs to address general liability. The District's properties are insured under the County's Consolidated Property Insurance Program, which has coverage of up to \$800 million for all risk including earthquakes, \$300 million for flood damages, and \$1 million for pollution cleanup. There were no settlements related to these programs that exceeded insurance coverage in the past three years. The District bears the risk for all loss exposure in excess of insurance coverage. Liabilities for claims are reported when it is probable that a loss has been incurred and the amount of the loss, including amounts incurred but not reported, can be reasonably estimated. The District utilizes actuarial studies, historical data, and individual claim reviews to estimate these liabilities.

As of June 30, 2014, the District's best estimate of these probable judgment liabilities is \$18,860,000. The changes in reported liability since July 1, 2011, were as follows (in thousands):

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2011-12	\$18,901	\$ 888	\$ (848)	\$18,941
2012-13	\$18,941	\$ 1,341	\$ (167)	\$20,115
2013-14	\$20,115	\$ (1,147)	\$ (108)	\$18,860



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

9. PROPOSITION 218

In November 1996, voters approved the "Right to Vote on Taxes Act" (Proposition 218), which limits the District's ability to levy additional property-related benefit assessments without owner approval. In September 1998, the Board approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218. The District's existing benefit assessments are exempt under Proposition 218. However, any future increases to property-related benefit assessments may be subject to property owner approval.

10. FEDERAL CLEAN WATER ACT

The Federal Clean Water Act (CWA) continues to have a significant impact on the District, although other funding sources, primarily the County of Los Angeles General Fund, have eased some of the impact. As a Permittee under the Los Angeles Municipal Stormwater NPDES Permit (Permit), which is mandated by the CWA, the District continues to:

- Implement programs to minimize urban and stormwater runoff pollution.
- Conduct water quality monitoring.
- Conduct scientific studies to better understand pollutant sources and the effectiveness of management practices.

The District continues to work with stakeholders to find successful and cost-effective solutions to comply with Total Maximum Daily Load (TMDL) regulations. In accordance with the CWA, the United States Environmental Protection Agency promulgates TMDLs to restore and protect the health of the nation's surface water bodies when existing pollution control programs do not attain water quality standards. A TMDL is simply defined as the amount of a pollutant that a water body can receive while meeting water quality standards. Over 30 TMDLs have been adopted in Los Angeles County since 2000. The District continues to collaborate with its municipal partners to keep pollutants out of the flood control system.

11. COMMITMENTS AND CONTINGENCIES

Propositions 1E - The Disaster Preparedness and Flood Prevention Bond Act of 2006 and 84 – The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006

On November 7, 2006, voters approved infrastructure ballot measures for California State Propositions 1E and 84 which provide for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. Both of these measures have potential to provide considerable funding to the District.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

11. COMMITMENTS AND CONTINGENCIES-Continued

To date, the Flood Control District has won \$20 million in grant funding from Proposition 1E for its Santa Anita Dam Seismic Remediation and Spillway project and was awarded \$13.5 million in grant funding from Proposition 84 Round 2 for five projects: Dominguez Gap Spreading Grounds – West Basin Percolation Enhancements Project; Oxford Retention Basin Multi-Use Enhancement Project; Pacoima Spreading Grounds Improvement Project; Peck Water Conservation Improvement Project; and the Walnut Creek Spreading Basin Improvements Project.

12. POLLUTION REMEDIATION

The District implemented GASB Statement No. 49 in the fiscal year ended June 30, 2009. GASB Statement No. 49 establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

The District is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the District's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notify the District of the need for remedial action. However, the District also conducts its own environmental monitoring to identify pollution sites and matters requiring further investigation and possible remediation. Once the District is aware of a condition, it begins monitoring, assessment, testing and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

Previously identified types of pollution include leaking underground storage tanks, and contamination of water, groundwater and soil. Remediation efforts include remediation and feasibility studies, source identification studies, site testing, sampling and analysis, groundwater cleanup, and removal of underground storage tanks.

As of June 30, 2014, the District has no estimated pollution remediation obligations. In subsequent periods, the District will adjust estimated obligations when new information indicates such changes are required. At this time, the District has determined there are no estimated recoveries that would increase obligations.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued  
JUNE 30, 2014

13. DERERRED OUTFLOWS AND INFLOWS OF RESOURCES

Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenue not susceptible to accrual as deferred inflows of resources. The District reported property tax revenues to be collected beyond the 60 day accrual period of \$8,070,000. This was previously reported as deferred revenue.

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$1,734,000 was made on the Statement of Activities for an understatement of capital assets in the prior fiscal year.

15. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, District management has reviewed all known events that have occurred after June 30, 2014, and through December 22, 2014, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.



# Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION  
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

	GENERAL FUND			VARIANCE
	ORIGINAL	FINAL	ACTUAL ON	FROM
	BUDGET	BUDGET	BUDGETARY	FINAL
			BASIS	BUDGET
				POSITIVE
				(NEGATIVE)
<b>REVENUES:</b>				
Taxes	\$ 98,590	\$ 113,839	\$ 117,197	\$ 3,358
Licenses and permits	707	707	788	81
Fines, forfeitures, and penalties	1,503	1,503	1,412	(91)
Revenue from use of money and property:				
Investment income	1,417	1,537	1,828	291
Rents and concessions	7,180	7,180	7,862	682
Royalties	600	600	1,484	884
Intergovernmental revenues:				
Federal			281	281
State	5,833	5,833	5,013	(820)
Other	4,155	4,155	1,768	(2,387)
Charges for services	125,642	125,642	115,045	(10,597)
Miscellaneous	1,128	1,128	2,915	1,787
<b>TOTAL REVENUES</b>	<b>246,755</b>	<b>262,124</b>	<b>255,593</b>	<b>(6,531)</b>
<b>EXPENDITURES:</b>				
Current - Public protection:				
Services and supplies	230,039	228,139	171,129	57,010
Other charges	5,910	5,910	4,204	1,706
Capital assets	469	709	316	393
Capital outlay	75,368	77,028	22,425	54,603
<b>TOTAL EXPENDITURES</b>	<b>311,786</b>	<b>311,786</b>	<b>198,074</b>	<b>113,712</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(65,031)</b>	<b>(49,662)</b>	<b>57,519</b>	<b>107,181</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	68	68	87	19
Transfers out	(5,836)	(5,836)	(3,642)	2,194
Appropriation for contingencies		(15,369)		15,369
Changes in fund balance	(5,775)	(5,775)	(1,121)	4,654
<b>OTHER FINANCING SOURCES (USES)-NET</b>	<b>(11,543)</b>	<b>(26,912)</b>	<b>(4,676)</b>	<b>22,236</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(76,574)</b>	<b>(76,574)</b>	<b>52,843</b>	<b>129,417</b>
<b>FUND BALANCE, JULY 1, 2013</b>	<b>76,574</b>	<b>76,574</b>	<b>76,574</b>	
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 129,417</b>	<b>\$ 129,417</b>

See accompanying notes to required supplementary information.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY DATA

In accordance with the provisions of Section 29000-29144 of the State's Government Code, commonly known as the County Budget Act, District budgets are adopted on or before October 2 of each year. Budgets are adopted for the General Fund and the Debt Service Fund on a basis of accounting which is different from generally accepted accounting principles (GAAP). For the fiscal year ended June 30, 2014, the District's Capital Project Funds were closed. Note 2 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the General Fund.

The District budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board. Each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all District budgets, except for capital asset expenditures, which are controlled on the sub-object level. Expenditures did not exceed the related appropriations within any fund as of June 30, 2014. The District is a blended component unit of the County of Los Angeles (County). The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfer of appropriation between objects of expenditure within the same budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budgets amounts are reported in the District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund. Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act.

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND U.S. GAAP

The District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund has been prepared on the budgetary basis of accounting which is different from U.S. GAAP. The major areas of difference are as follows:

- Under the budgetary basis, designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the District recognizes them as uses of budgetary fund balance. Designations subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-Continued

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND U.S. GAAP-Continued

- Under the budgetary basis, encumbrances and other reserves are also recorded as other financing uses when established. For encumbrances, this occurs at the time contracts and/or purchase agreements are entered into. Under the U.S. GAAP basis, these obligations are only recognized when goods are received or services are rendered. Other reserves are also recognized as other financing uses to indicate that certain assets are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the U.S. GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- Under the U.S. GAAP basis, investment income includes the effect of changes in the fair value of investment. Under the budgetary basis, investment income is recognized prior to the effect of such fair value changes.

The amounts presented for the governmental fund statements are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The following schedule is a reconciliation of the budgetary U.S. GAAP basis fund balances as of June 30, 2014 (in thousands):

	General Fund
Fund Balance – Budgetary Basis (page 45)	\$ 129,417
Reserves and Designations	<u>179,107</u>
Subtotal	308,524
Adjustments:	
Change in Accounts Payable Accruals	982
Change in Revenue Accruals	<u>(5,723)</u>
Fund Balance – U.S. GAAP Basis (page 21)	<u>\$303,783</u>

# Other Supplementary Information

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (in thousands)

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>AGENCY FUND</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 179	\$ 65,052	\$ (55,744)	\$ 9,487
<b>TOTAL ASSETS</b>	<b>\$ 179</b>	<b>\$ 65,052</b>	<b>\$ (55,744)</b>	<b>\$ 9,487</b>
<b>LIABILITIES</b>				
Deposits payable	\$ (179)	\$(41,811)	\$ 32,503	\$ (9,487)
<b>TOTAL LIABILITIES</b>	<b>\$ (179)</b>	<b>\$(41,811)</b>	<b>\$ 32,503</b>	<b>\$ (9,487)</b>



# Statistical Section

## STATISTICAL SECTION

The information presented in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the reader of the comprehensive annual financial report. The objective of this statistical section information is to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the District's overall financial health.

CONTENTS	<u>PAGE</u>
FINANCIAL TRENDS .....	49
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
REVENUE CAPACITY.....	55
These schedules contain trend information to help the reader assess the District's most significant local revenue source, which is property taxes.	
DEBT CAPACITY .....	59
These schedules present information to help the reader to assess the District's ability to cover current levels of outstanding debt and the District's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	65
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
OPERATING INFORMATION.....	67
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it conducts.	

Sources: Unless otherwise noted, the information in these schedules derives from the comprehensive annual financial reports for the applicable year.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NET POSITION BY CATEGORY (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	(1)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Governmental activities</b> <sup>(2)</sup>											
Net investment in capital assets <sup>(5)</sup>	\$	67,884	\$ 5,461,839	\$ 5,515,779	\$ 5,552,586	\$ 5,632,733	\$ 5,749,224	\$ 5,793,007	\$ 5,795,397	\$ 5,769,841	\$ 5,730,254
Restricted <sup>(3)</sup>		1,700	17,759	2,176	503	433	453	142,703	183,593	229,821	292,658
Unrestricted <sup>(4)</sup>		122,695	138,795	150,862	168,507	184,559	156,374	99	99	99	99
Total governmental activities net position		192,279	5,618,393	5,668,817	5,721,596	5,817,725	5,906,051	5,935,809	5,979,089	5,999,761	6,023,011
<b>Primary government</b>											
Net investment in capital assets <sup>(5)</sup>		67,884	5,461,839	5,515,779	5,552,586	5,632,733	5,749,224	5,793,007	5,795,397	5,769,841	5,730,254
Restricted <sup>(3)</sup>		1,700	17,759	2,176	503	433	453	142,703	183,593	229,821	292,658
Unrestricted <sup>(4)</sup>		122,695	138,795	150,862	168,507	184,559	156,374	99	99	99	99
Total primary government net position	\$	192,279	\$ 5,618,393	\$ 5,668,817	\$ 5,721,596	\$ 5,817,725	\$ 5,906,051	\$ 5,935,809	\$ 5,979,089	\$ 5,999,761	\$ 6,023,011

Notes:

- (1) Fiscal year 2005-06 and subsequent years reflect retroactive reporting of capital assets in accordance with GASB 34.  
(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.  
(3) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.  
(4) Fiscal Year 2010-11 and subsequent years reflect a change to restricted and unrestricted net position as a result of implementing GASB 54 and the closer scrutiny that followed.  
(5) The County adopted GASB Statement No. 63 in FY 2012-13. For FY 2004-05 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt (deficit).  
Net assets were also renamed as net position.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
CHANGES IN NET POSITION (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Expenses</b>										
Governmental activities <sup>(1)</sup>										
General government										
Public protection	\$ 147,942	\$ 163,535	\$ 180,993	\$ 208,861	\$ 149,882	\$ 150,866	\$ 201,156	\$ 199,282	\$ 232,787	\$ 230,581
Contribution to Los Angeles County							1,159	1,018		
Interest on long-term debt	5,534	5,788	5,554	4,933	4,379	3,744	3,006	2,210	1,376	770
Total governmental activities expenses	153,476	169,323	186,547	213,794	154,261	154,610	205,321	202,510	234,163	231,351
Total primary government expenses	153,476	169,323	186,547	213,794	154,261	154,610	205,321	202,510	234,163	231,351
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
Benefit Assessments	109,544	109,390	109,136	108,688	110,653	107,295	109,430	109,666	109,631	109,597
Other charges for services	9,164	12,104	12,683	21,090	26,632	20,297	13,641	18,006	18,124	16,956
Subtotal governmental activities charges for services	118,708	121,494	121,819	129,778	137,285	127,592	123,071	127,672	127,755	126,553
Operating grants and contributions	4,931	7,125	12,085	8,630	9,757	11,218	4,929	4,439	4,372	4,528
Capital grants and contributions	926	4,172	1,785	1,797						
Total governmental activities program revenue	124,565	132,791	135,689	140,205	147,042	138,810	128,000	132,111	132,127	131,081
Total primary government revenues	124,565	132,791	135,689	140,205	147,042	138,810	128,000	132,111	132,127	131,081
<b>Net (expense)/revenue:</b>										
Government activities	(28,911)	(36,532)	(50,858)	(73,589)	(7,219)	(15,800)	(77,321)	(70,399)	(102,036)	(100,270)
Total primary government net expenses	\$ (28,911)	\$ (36,532)	\$ (50,858)	\$ (73,589)	\$ (7,219)	\$ (15,800)	\$ (77,321)	\$ (70,399)	\$ (102,036)	\$ (100,270)

Continued...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
CHANGES IN NET POSITION (UNAUDITED) - Continued  
LAST TEN FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities <sup>(1)</sup></b>										
Property taxes	\$ 70,937	\$ 76,423	\$ 88,858	\$ 95,272	\$ 100,136	\$ 96,514	\$ 96,214	\$ 100,991	\$ 112,118	\$ 115,613
Unrestricted grants and contributions	2,984	3,443	5,653	5,589	6,978	7,390	7,205	6,362	5,176	2,534
Investment earnings	2,582	4,961	6,613	6,699	4,762	2,444	1,008	1,911	513	2,371
Miscellaneous	2,409	1,429	158	1,332	1,597	1,773	2,652	4,415	4,901	3,002
Subtotal governmental activities	78,912	86,256	101,282	108,892	113,473	108,121	107,079	113,679	122,708	123,520
Total primary government	78,912	86,256	101,282	108,892	113,473	108,121	107,079	113,679	122,708	123,520
 <b>Changes in Net Position</b>										
Government activities	50,001	49,724	50,424	35,303	106,254	92,321	29,758	43,280	20,672	23,250
Total primary government	\$ 50,001	\$ 49,724	\$ 50,424	\$ 35,303	\$ 106,254	\$ 92,321	\$ 29,758	\$ 43,280	\$ 20,672	\$ 23,250

**Notes:**

(1) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(modified accrual basis of accounting)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u> <sup>(3)</sup>	<u>2011-12</u> <sup>(3)</sup>	<u>2012-13</u> <sup>(3)</sup>	<u>2013-14</u> <sup>(3)</sup>
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 91,506	\$ 104,637	\$ 100,464	\$ 112,849	\$ 116,125	\$ 98,980	\$ -	\$ -	\$ -	\$ -
Special purposes	3,008	3,011	3,011	12,011	3,010	3,011				
Unreserved, designated for:										
Flood control projects	18,099	26,049	33,814	13,314	49,789	49,789				
Unreserved, undesignated, reported in:										
General Fund	6,834	(260)	6,091	20,123	15,759	6,814				
Restricted										
Capital projects							65,314	91,270	125,426	104,963
Public protection							85,964	101,761	115,359	198,721
Assigned								99	99	99
Subtotal General Fund	119,447	133,437	143,380	158,297	184,683	158,594	151,278	193,130	240,884	303,783
<b>All Other governmental Funds</b> <sup>(1), (2)</sup>										
Reserved for:										
Debt service	1,603	836	663	51	59	353				
Unreserved, undesignated, reported in:										
Capital projects funds	116	15,147	1,516	452	374	100				
Restricted							344			
Committed							99			
Subtotal all other government funds	1,719	15,983	2,179	503	433	453	443	-	-	-
Total governmental fund balance	\$ 121,166	\$ 149,420	\$ 145,559	\$ 158,800	\$ 185,116	\$ 159,047	\$ 151,721	\$ 193,130	\$ 240,884	\$ 303,783

Notes:

(1) FY 2004-05 thru FY 2009-10 have not been restated for the implementation of the GASB Statement No. 54.

(2) "All Other Governmental Funds" consist of the Debt Service and Capital Projects Funds.

(3) The County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned. The governmental funds are reported in the new required format beginning FY 2010-11.



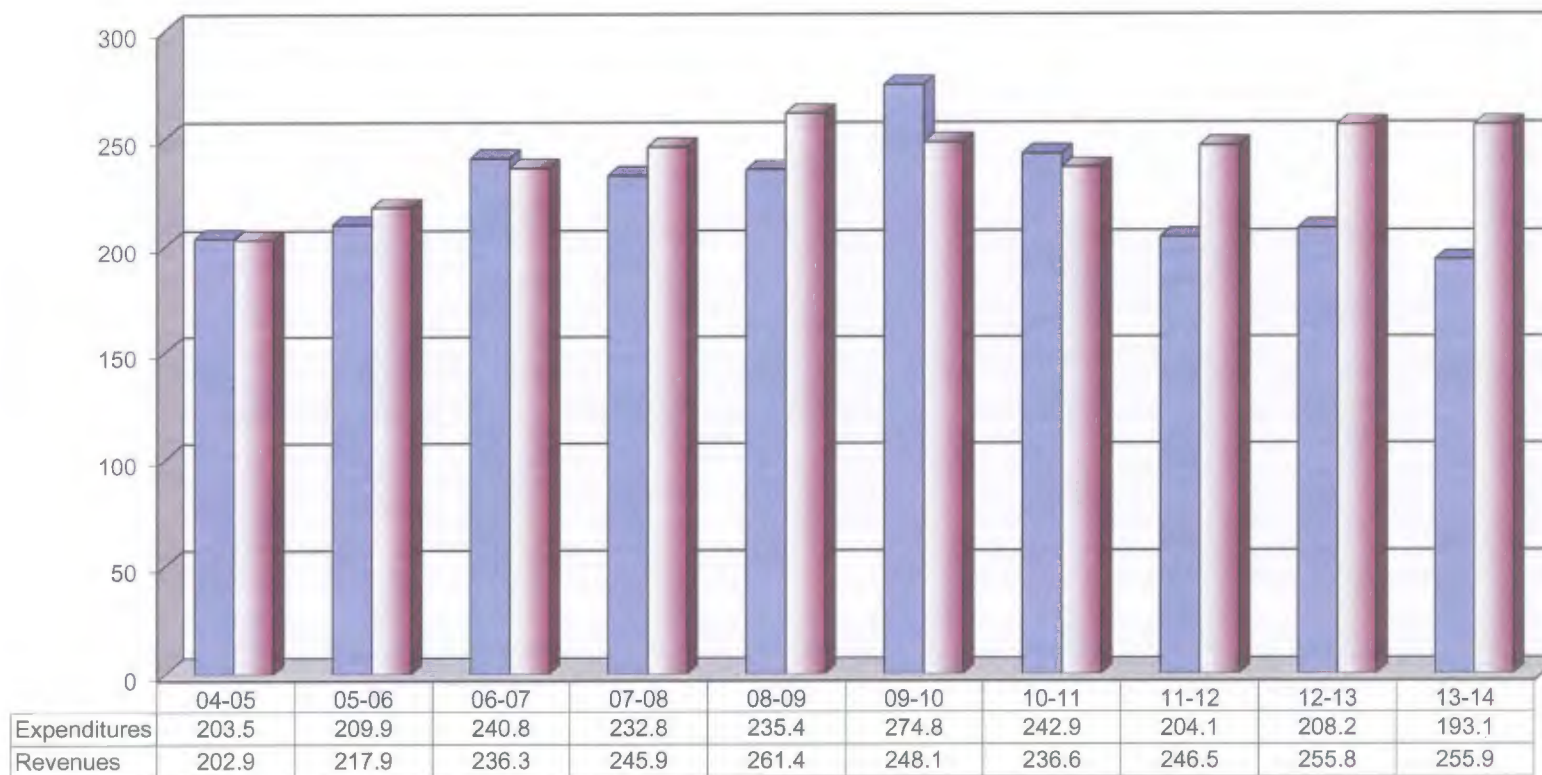
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(modified accrual basis of accounting)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Revenues (by source)</b>										
Taxes	\$ 70,994	\$ 75,397	\$ 88,605	\$ 93,157	\$ 100,611	\$ 97,690	\$ 97,232	\$ 101,735	\$ 112,453	\$ 116,408
Licenses, permits, and franchises	308	394	514	741	606	593	595	705	769	788
Fines, forfeitures, and penalties	1,226	1,196	1,060	1,440	1,913	2,215	1,824	1,500	1,696	1,412
Revenues from use of money and property										
Interest	2,582	4,961	6,613	6,700	4,762	2,444	1,008	1,911	513	2,371
Rents and royalties	5,191	7,028	7,301	7,797	8,281	8,425	7,175	8,719	8,196	9,346
Intergovernmental revenues:										
Federal	4,065	4,095	5,375	6,086	2,086	11,108	3,642	769	1,421	281
State	2,633	8,036	9,324	3,397	8,515	960	2,125	4,502	3,770	5,013
Other	2,142	2,609	4,824	4,747	6,134	6,539	6,366	5,529	4,356	1,768
Charges for services	112,653	113,296	112,524	118,798	126,963	116,615	113,999	116,758	117,399	115,560
Miscellaneous	1,128	869	187	3,038	1,566	1,482	2,620	4,383	5,252	2,924
<b>Total Revenues</b>	<b>202,922</b>	<b>217,881</b>	<b>236,327</b>	<b>245,901</b>	<b>261,437</b>	<b>248,071</b>	<b>236,586</b>	<b>246,511</b>	<b>255,825</b>	<b>255,871</b>
<b>Expenditures (by function)</b>										
Current:										
Public protection	179,364	179,100	205,119	188,994	215,492	245,303	210,730	179,223	178,227	178,202
Debt Services										
Principal	16,065	14,580	14,280	14,350	14,505	15,095	15,815	16,600	17,425	2,290
Interest	5,676	5,796	5,560	5,112	4,576	3,983	3,267	2,484	1,663	801
Capital outlay	2,439	10,422	15,828	24,379	861	10,456	13,051	5,798	10,884	11,766
<b>Total Expenditures</b>	<b>203,544</b>	<b>209,898</b>	<b>240,787</b>	<b>232,835</b>	<b>235,434</b>	<b>274,837</b>	<b>242,863</b>	<b>204,105</b>	<b>208,199</b>	<b>193,059</b>
Excess of Revenues over (under) Expenditures	(622)	7,983	(4,460)	13,066	26,003	(26,766)	(6,277)	42,406	47,626	62,812
<b>Other Financing Sources (Uses)</b>										
Sales of capital assets	1,281	757	599	175	281	368	70	21	128	87
Transfers in from County of Los Angeles					32	328	40			
Transfers in	17,582	39,517	19,050	19,327	19,078	19,353	19,069	19,093	19,088	3,091
Transfers out	(17,582)	(39,517)	(19,050)	(19,327)	(19,078)	(19,353)	(19,069)	(19,093)	(19,088)	(3,091)
Proceeds of long-term debt		20,540								
Contribution to Los Angeles County	(609)	(1,026)					(1,159)	(1,018)		
<b>Total other financing sources (uses)</b>	<b>672</b>	<b>20,271</b>	<b>599</b>	<b>175</b>	<b>313</b>	<b>696</b>	<b>(1,049)</b>	<b>(997)</b>	<b>128</b>	<b>87</b>
<b>Net Change in fund balance</b>	<b>\$ 50</b>	<b>\$ 28,254</b>	<b>\$ (3,861)</b>	<b>\$ 13,241</b>	<b>\$ 26,316</b>	<b>\$ (26,070)</b>	<b>\$ (7,326)</b>	<b>\$ 41,409</b>	<b>\$ 47,754</b>	<b>\$ 62,899</b>
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	13.10%	16.51%	13.48%	12.90%	18.25%	18.42%	12.75%	12.63%	10.61%	1.87%

Notes:

(1) The debt service calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

# LOS ANGELES COUNTY FLOOD CONTROL DISTRICT Governmental Funds Expenditures and Revenues Last 10 Fiscal Years



In Millions of Dollars

■ Expenditures    ■ Revenues

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) <sup>(1), (2)</sup>  
LAST TEN FISCAL YEARS (in thousands)

<u>Fiscal Year</u>		<u>Secured</u> <sup>(3)</sup>		<u>Unsecured</u> <sup>(4)</sup>		<u>Unitary</u> <sup>(5)</sup>		<u>Exempt</u> <sup>(6)</sup>		<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004 - 2005	\$	738,658,957	\$	43,898,983	\$	10,648,846	\$	(31,851,689)	\$	761,355,097	1.00000%
2005 - 2006		813,276,803		43,964,997		10,718,105		(32,058,237)		835,901,668	1.00000%
2006 - 2007		905,276,182		45,783,429		10,638,106		(36,182,793)		925,514,924	1.00000%
2007 - 2008		990,301,135		48,543,926		11,158,201		(40,091,971)		1,009,911,291	1.00000%
2008 - 2009		1,057,718,427		52,279,248		12,298,465		(41,418,999)		1,080,877,141	1.00000%
2009 - 2010		1,055,807,331		53,193,853		11,891,981		(45,881,461)		1,075,011,704	1.00000%
2010 - 2011		1,040,789,623		49,744,044		12,120,596		(47,184,173)		1,055,470,090	1.00000%
2011 - 2012		1,058,615,951		48,214,334		12,950,932		(49,248,993)		1,070,532,224	1.00000%
2012 - 2013 <sup>(7)</sup>		1,082,301,717		49,215,524		13,244,954		(50,875,260)		1,093,886,935	1.00000%
2013 - 2014 <sup>(7)</sup>		1,134,707,829		49,662,548		13,989,870		(53,103,768)		1,145,256,479	1.00000%

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop. 13), the County does not track the estimated actual value of all County properties. Under Prop. 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop. 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (3) Secured property is generally real property and is defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (4) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (5) Unitary properties are railroads, utilities and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor. Effective 2012-13, Unitary pipelines previously reported under Secured, is now reported under Unitary.
- (6) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (7) Effective FY 2012-13, Secured property does not include the Unitary pipelines assessed by the County Assessor.

Source:

Auditor-Controller, County of Los Angeles Taxpayers' Guide.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR TAX RATE AREA #4 (UNAUDITED)  
LAST TEN FISCAL YEARS

56

Fiscal Year	County Direct Rates		Overlapping Rates				Total Rates
	Los Angeles General	Los Angeles County Detention Facilities <sup>(1)</sup>	Flood Control Districts <sup>(1)</sup>	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2004 - 2005	1.00000	0.000923	0.000245	0.055733	0.106937	0.005800	1.169638
2005 - 2006	1.00000	0.000795	0.000049	0.051289	0.098634	0.005200	1.155967
2006 - 2007	1.00000	0.000663	0.000052	0.045354	0.128276	0.004700	1.179045
2007 - 2008	1.00000	0.000000	0.000000	0.038051	0.132136	0.004500	1.174687
2008 - 2009	1.00000	0.000000	0.000000	0.038541	0.146897	0.004300	1.189738
2009 - 2010	1.00000	0.000000	0.000000	0.041220	0.174921	0.004300	1.220441
2010 - 2011	1.00000	0.000000	0.000000	0.038895	0.227264	0.003700	1.269859
2011 - 2012	1.00000	0.000000	0.000000	0.038666	0.203483	0.003700	1.245849
2012 - 2013	1.00000	0.000000	0.000000	0.037694	0.224356	0.003500	1.265550
2013 - 2014	1.00000	0.000000	0.000000	0.029754	0.190980	0.003500	1.224234

**Notes:**

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities and Flood Control Districts rates, as these bonds have matured.
- (A) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (B) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (C) An exception to the 1% limit was provided by Proposition 46 that was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.
- (D) The County is divided into 12,728 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.

**Source:**

Secured Tax Rate and Ratios Report from the County of Los Angeles Auditor-Controller, Tax Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED) <sup>(1)</sup>  
CURRENT YEAR AND NINE YEARS AGO  
JUNE 30, 2014 AND JUNE 30, 2005 (in thousands)

Taxpayer	2014			2005		
	Net Assessed		Percentage of Total Net Assessed Value <sup>(2)</sup>	Net Assessed		Percentage of Total Net Assessed Value <sup>(2)</sup>
	Secured Property Value	Rank		Secured Property Value	Rank	
Southern California Edison Co.	\$ 6,155,576	1	0.56%	\$ 3,251,341	1	0.45%
Douglas Emmett Residential	3,387,738	2	0.31%	2,045,223	4	0.29%
Participants in Long Beach Unit	1,914,118	3	0.17%			
Chevron USA Inc/Texaco/Unocal	1,887,648	4	0.17%	2,077,618	3	0.29%
Tishman Speyer/Archstone Smith/ASN	1,756,347	5	0.16%			
EQR/ERP Limited	1,755,098	6	0.16%			
AT&T/Pacific Bell Telephone Co.	1,732,482	7	0.16%	1,936,152	5	0.27%
Southern California Gas Co.	1,575,086	8	0.14%	1,398,076	8	0.19%
Verizon/MCI Communications Serv. Inc.	1,532,981	9	0.14%	1,381,859	9	0.19%
Exxon/Mobile Corporation	1,513,281	10	0.14%	1,487,512	6	0.21%
BP Amoco Corporation				2,106,714	2	0.29%
Arden Realty LTD Partnership				1,439,280	7	0.20%
Maguire Thomas Partners				1,380,634	10	0.19%
<b>Total</b>	<b>\$ 23,210,355</b>		<b>2.11%</b>	<b>\$ 18,504,409</b>		<b>2.57%</b>

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,095,593,931 as of June 30, 2014 is based on Secured \$1,134,707,829 plus Unitary \$13,989,870 less exemptions of \$53,103,768. Total assessed value, \$717,456,114 as of June 30, 2005 is based on Secured \$738,658,957 plus Unitary \$10,648,846 less exemptions of \$31,851,689 (in thousands).

Source:

County of Los Angeles Treasurer and Tax Collector.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collections Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years <sup>(1)</sup></u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004 - 2005	\$ 72,588,020	\$ 70,524,175	97.2%	\$ 1,692,673	\$ 72,216,848	99.5%
2005 - 2006	76,988,018	74,737,311	97.1%	1,448,958	76,186,269	99.0%
2006 - 2007	84,892,868	81,430,786	95.9%	1,510,369	82,941,155	97.7%
2007 - 2008	92,174,252	87,339,670	94.8%	2,177,696	89,517,366	97.1%
2008 - 2009	98,388,453	93,632,370	95.2%	4,124,049	97,756,419	99.4%
2009 - 2010	97,457,266	94,129,015	96.6%	4,142,047	98,271,062	100.0%
2010 - 2011	96,612,618	94,229,540	97.5%	3,293,800	97,523,340	100.0%
2011 - 2012	98,308,763	96,212,873	97.9%	2,079,160	98,292,034	100.0%
2012 - 2013	100,735,999	98,937,934	98.2%	2,004,149	100,942,083	100.0%
2013 - 2014	105,628,207	103,960,910	98.4%	1,678,026	105,638,936	100.0%

**Note:**

(1) Reflects property taxes levied in prior years but collected in the current year.

**Source:**

Tax ledgers for the Flood Control District provided by the Auditor-Controller Accounting Division, Property Tax Section.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED) <sup>(1)</sup>  
LAST TEN FISCAL YEARS (in thousands, except per capita)

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Accreted Interest</u>	<u>Unamortized Bond Premiums</u>	<u>Unamortized Loss on Advance Debt Refund</u>	<u>Pension Bonds Payable</u>	<u>Capital Leases</u>	<u>Total Primary Government</u> <sup>(2)</sup>	<u>Percentage of Assessed Value</u> <sup>(3)</sup>	<u>Per Capita</u> <sup>(3)</sup>	<u>Percentage of Personal Income</u> <sup>(3)</sup>
2004 - 2005	\$ 2,265	\$ 119,615	-	-	-	-	-	\$ 121,880	0.016%	\$ 11.92	0.035%
2005 - 2006	1,080	126,760	-	-	-	-	-	127,840	0.015%	12.48	0.034%
2006 - 2007	370	113,190	-	-	-	-	-	113,560	0.012%	10.99	0.030%
2007 - 2008	0	99,210	-	-	-	-	-	99,210	0.010%	9.57	0.024%
2008 - 2009	0	84,705	-	-	-	-	-	84,705	0.008%	8.15	0.022%
2009 - 2010	0	69,610	-	-	-	-	-	69,610	0.006%	6.67	0.017%
2010 - 2011	0	53,795	-	-	-	-	-	53,795	0.005%	5.46	0.013%
2011 - 2012	0	37,195	-	-	-	-	-	37,195	0.003%	3.75	0.009%
2012 - 2013	0	19,770	-	-	-	-	-	19,770	0.002%	1.97	0.004%
2013 - 2014	0	17,480	-	-	-	-	-	17,480	0.002%	1.73	0.004%

**Notes:**

- (1) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
- (2) Details regarding the Flood Control District's outstanding debt can be found in the Basic Notes to the Financial Statements.
- (3) See "Demographic and Economic Statistics" table for population and personal income, and "Assessed Value and Actual Value of Taxable Property" table for assessed value.

**Source:**

Los Angeles County Flood Control District Financial Statements from Fiscal Year 2004-05 to Fiscal Year 2013-14.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

<u>Fiscal Year</u>	<u>Population</u> <sup>(1), (2)</sup>	<u>Assessed Value</u> <sup>(1), (2)</sup>	<u>General Bonded Debt</u> <sup>(3)</sup>	<u>Ratio of General Bonded Debt to Assessed Value</u>	<u>General Bonded Debt per Capita</u>
2004-05	10,226	\$ 761,355,097	\$ 18,470	0.000024	1.8062
2005-06	10,246	835,901,668	9,475	0.000011	0.9248
2006-07	10,332	925,514,924	370	0.000000	0.0358
2007-08	10,364	1,009,911,291			
2008-09	10,393	1,080,877,141			
2009-10	10,441	1,075,011,704			
2010-11	9,858	1,055,470,090			
2011-12	9,912	1,070,532,224			
2012-13	10,019	1,093,886,935			
2013-14	10,090	1,145,256,479			

**Notes:**

- (1) See "Demographic and Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (2) This information represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (3) Long-term general bonded debt outstanding included Detention Facilities and Flood Control general obligation bonds. The Detention Facilities matured on June 1, 2007 and the Flood Control bonds matured on November 1, 2007.

**Source:**

Los Angeles Economic Development Corporation Economic Forecast: website:www.laedc.com

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)  
JUNE 30, 2014

2013-14 Net Assessed Valuation  
Redevelopment Incremental Valuation  
Full Cash Value (2013-14)  
Population - (2014)

\$ 1,145,256,478,683  
150,188,266,124  
\$ 995,068,212,559 <sup>(1)</sup>  
10,089,500 <sup>(2)</sup>

	Percent Applicable	Debt June 30, 2014
<b><u>DIRECT TAX AND ASSESSMENT DEBT:</u></b>		
Los Angeles County Flood Control District	100	\$ 17,480,000
Subtotal Direct Tax and Assessment Debt		\$ 17,480,000
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>		
Metropolitan Water District	48.548	64,216,867
Los Angeles Community College District	100	3,642,560,000
Other Community College Districts	Various <sup>(3)</sup>	2,426,279,117
Arcadia Unified School District	100	192,753,961
Beverly Hills Unified School District	100	212,000,399
Glendale Unified School District	100	158,699,986
Long Beach Unified School District	100	536,547,292
Los Angeles Unified School District	100	10,545,135,000
Pasadena Unified School District	100	360,460,000
Pomona Unified School District	100	202,359,426
Redondo Beach Unified School District	100	205,432,952
Santa Monica-Malibu Unified School District	100	291,068,787
Torrance Unified School District	100	269,613,018
Other Unified School Districts	Various <sup>(3)</sup>	2,879,830,534
High School and School Districts	Various <sup>(3)</sup>	1,861,794,853
City of Los Angeles	100	991,940,000
City of Industry	100	125,515,000
Other Cities	100	79,085,000
Palmdale Water District Water Revenue Bonds	100	55,742,931 <sup>(4)</sup>
Palos Verdes Library District	100	3,530,000
Community Facilities Districts	100	729,544,023
Los Angeles County Regional Park & Open Space Assessment District	100	113,615,000 <sup>(5)</sup>
1915 Act and Benefit Assessment Bonds - Estimate	100	108,422,262
Subtotal Overlapping Tax and Assessment Debt		\$ 26,056,146,408
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 26,073,626,408
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(35,675,475)
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 26,037,950,933</b>
<b><u>DIRECT GENERAL FUND OBLIGATION DEBT:</u></b>		
Los Angeles County General Fund Obligations	100	\$ 1,920,709,000 <sup>(6)</sup>
Subtotal Direct General Fund Obligation Debt		\$ 1,920,709,000
<b><u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>		
Los Angeles County Office of Education Certificates of Participation	100	\$ 9,529,882
Community College District Certificates of Participation	Various <sup>(7)</sup>	47,813,788
Baldwin Park Unified School District Certificates of Participation	100	28,875,000
Compton Unified School District Certificates of Participation	100	25,670,000
Los Angeles Unified School District Certificates of Participation	100	365,858,657
Paramount Unified School District Certificates of Participation	100	27,375,213
Other Unified School District Certificates of Participation	Various <sup>(7)</sup>	145,115,464

(Continued)



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued  
JUNE 30, 2014

High School and Elementary School District General Fund Obligations	Various <sup>(7)</sup>	140,798,894
City of Beverly Hills General Fund Obligations	100	175,380,000
City of Los Angeles General Fund & Judgment Obligations	100	1,756,182,887
City of Long Beach General Fund Obligations	100	173,790,000
City of Long Beach Pension Obligation Bonds	100	45,675,000
City of Pasadena General Fund Obligations	100	482,596,382
City of Pasadena Pension Obligation Bonds	100	126,275,000
Other Cities' General Fund Obligations	100	1,286,460,161
Los Angeles County Sanitation Districts Financing Authority	100	205,563,658
Subtotal Overlapping General Fund Obligation Debt		\$ 5,042,959,986
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,963,668,986
Less: Los Angeles County Lease Revenue Bonds supported by landfill revenues		(5,035,237)
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investments funds		(5,052,000)
Cities' self-supporting bonds		(517,085,188)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,436,496,561
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 4,641,989,989
GROSS COMBINED TOTAL DEBT		\$ 37,679,285,383 <sup>(8)</sup>
NET COMBINED TOTAL DEBT		\$ 37,116,437,483
TOTAL GROSS DIRECT DEBT		\$ 1,938,189,000
TOTAL GROSS OVERLAPPING DEBT		35,741,096,383
GROSS COMBINED DIRECT AND OVERLAPPING DEBT		\$ 37,679,285,383
TOTAL NET DIRECT DEBT		\$ 1,933,153,763
TOTAL NET OVERLAPPING DEBT		35,183,283,720
NET COMBINED DIRECT AND OVERLAPPING DEBT		\$ 37,116,437,483
<b>RATIOS TO 2013-14 NET ASSESSED VALUATION</b>		
Total Overlapping Tax and Assessment Debt		2.27%
<b>RATIOS TO FULL CASH VALUE</b>		
Gross Combined Direct Debt (\$1,938,189,000)		0.19%
Net Combined Direct Debt (\$1,933,153,763)		0.19%
Gross Combined Total Debt		3.79%
Net Combined Total Debt		3.73%
<b>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</b>		
Total Overlapping Tax Increment Debt		3.09%

Notes:

- (1) This balance is reduced by homewoners exemptions of \$7,861,536,721.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance, and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint UHSD and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Partially supported by the 1% ad valorem property tax levy.
- (5) Excludes refunding issue to be sold.
- (6) Includes Assessment Bonds, Certificates of Participation, Notes, Loans and Other Debt, and Capital Leases.
- (7) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
- (8) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source:

California Municipal Statistics - for general information purposes only.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)

						COMPUTATION OF LEGAL DEBT MARGIN June 30, 2014	
<u>Fiscal Year</u>	<u>Assessed Value</u> <sup>(1)</sup>	<u>Legal Debt Limit</u> <sup>(2)</sup>	<u>Total Net Applicable Debt</u>	<u>Legal Debt Margin</u> <sup>(3)</sup>	<u>Legal Debt Margin/ Debt Limit</u>		
2004 - 2005	\$ 761,355,097	\$ 9,516,939	\$ 16,205	\$ 9,500,734	99.83%	Assessed valuation (net taxable)	\$ 1,145,256,479
2005 - 2006	835,901,668	10,448,771	8,395	10,440,376	99.92%	Applicable percentage in computing capacity	1.25%
2006 - 2007	925,514,924	11,568,937	370	11,568,567	100.00%	Total debt limit	\$ 14,315,706
2007 - 2008	1,009,911,291	12,623,891		12,623,891	100.00%		
2008 - 2009	1,080,877,141	13,510,964		13,510,964	100.00%	Less Total net applicable debt	-
2009 - 2010	1,075,011,704	13,437,646		13,437,646	100.00%		
2010 - 2011	1,055,470,090	13,193,376		13,193,376	100.00%	Legal debt margin, June 30, 2014	\$ 14,315,706
2011 - 2012	1,070,532,224	13,381,653		13,381,653	100.00%		
2012 - 2013	1,093,886,935	13,673,587		13,673,587	100.00%		
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%		

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule. This information above represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the Flood Control District's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

Source:

County of Los Angeles Auditor-Controller.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
PLEDGED-REVENUE COVERAGE (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)

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Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue Collected</u>	<u>Debt Service</u>		<u>Total</u>	<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
2004 - 2005	\$ 112,653	\$ 119,615	\$ 27,414	\$ 147,029	0.77
2005 - 2006	113,296	126,760	31,159	157,919	0.72
2006 - 2007	112,524	113,190	25,642	138,832	0.81
2007 - 2008	118,798	99,210	20,539	119,749	0.99
2008 - 2009	126,963	84,705	15,962	100,667	1.26
2009 - 2010	116,615	69,610	11,978	81,588	1.43
2010 - 2011	113,999	53,795	8,712	62,507	1.82
2011 - 2012	116,758	37,195	6,228	43,423	2.69
2012 - 2013	117,399	19,770	4,564	24,334	4.82
2013 - 2014	115,560	17,480	3,763	21,243	5.44



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED) <sup>(1)</sup>  
LAST TEN FISCAL YEARS (in thousands)

Year	Population County of <u>Los Angeles</u> *	Personal Income *	Per Capita Personal Income <sup>(2)</sup>	School Enrollment <sup>(3) **</sup>	Unemployment Rate
2005	10,226	\$ 349,868,000	\$ 34,214	1,734	5.3%
2006	10,246	370,860,000	36,196	1,708	4.5%
2007	10,332	379,824,000	36,762	1,673	4.4%
2008	10,364	411,000,000	39,657	1,648	6.2%
2009	10,393	392,000,000	37,718	1,632	11.7%
2010	10,441	405,000,000	38,789	1,575	12.3%
2011	9,858	420,900,000	42,696	1,590	12.3%
2012	9,912	435,300,000	43,916	1,578	11.1%
2013	10,019	451,100,000	45,024	1,564	9.8%
2014	10,090 <sup>(4)</sup>	471,400,000 <sup>(4)</sup>	46,720	1,553	8.7%

**Notes:**

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Amounts shown are in actual dollars (not thousands).
- (3) Public school enrollment.
- (4) Amount is a projection as of February 2014.

**Sources:**

- \* Los Angeles Economic Development Corporation Economic Forecast: website address: [www.laedc.org](http://www.laedc.org)
- \*\* California Department of Education website address: [www.cde.ca.gov](http://www.cde.ca.gov).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
TEN LARGEST INDUSTRIES (UNAUDITED) <sup>(1), (2)</sup>  
CURRENT YEAR AND NINE YEARS AGO

	JUNE 30, 2014			JUNE 30, 2005		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>
<u>Industry</u>						
Trade, Transportation and Utilities	789,200	1	17.29%	786,100	1	17.53%
Educational & Health Services	734,000	2	16.08%	562,500	4	12.55%
Professional & Business Services	613,400	3	13.44%	573,800	3	12.80%
Government	559,800	4	12.26%	591,800	2	13.20%
Leisure & Hospitality	454,100	5	9.95%	382,900	6	8.54%
Manufacturing	353,300	6	7.74%	475,300	5	10.60%
Financial Activities	213,100	7	4.67%	241,900	7	5.39%
Information	205,600	8	4.50%	203,900	8	4.55%
Other Services	149,300	9	3.27%	146,400	10	3.26%
Construction	126,600	10	2.77%	149,700	9	3.34%
Ten largest industries	4,198,400		91.97%	4,114,300		91.76%
All other industries	366,600		8.03%	369,200		8.24%
<b>Total industries</b>	<b>4,565,000</b>		<b>100.00%</b>	<b>4,483,500</b>		<b>100.00%</b>

**Notes:**

(1) This schedule is based on the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.

(2) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

**Sources:**

State of California Employment Development Department website address: [www.edd.ca.gov/labormarketinfo](http://www.edd.ca.gov/labormarketinfo).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)  
LAST TEN FISCAL YEARS

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>Function/Program</b> <sup>(1), (2)</sup>										
General Government	10,915	11,018	11,185	11,692	11,605	11,100	10,831	10,680	10,494	10,435
Public Protection <sup>(3), (4)</sup>	37,065	38,049	39,528	41,560	42,583	36,378	35,428	35,433	35,509	35,161
Health and Sanitation	26,322	26,717	27,072	27,395	27,345	26,826	26,133	26,029	25,968	26,400
Public Assistance	19,132	19,540	20,329	20,867	20,940	20,665	20,280	20,043	19,947	20,329
Education	1,722	1,828	1,871	1,878	1,829	1,622	1,481	1,431	1,459	1,442
Recreation and Cultural Services	2,324	2,393	2,649	2,977	3,075	2,861	2,761	2,812	2,808	2,849
Total	97,480	99,545	102,634	106,369	107,377	99,452	96,914	96,428	96,185	96,616

**Notes:**

- (1) Full-time equivalent count is calculated by dividing the total number of man-months paid by 12. Full-time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) Beginning with 2009-10, totals reflect the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
- (4) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area. Full-time equivalent County employees in the Flood Control District are reflected under the Public Protection Function/Program.

**Source:**

Employee Count study performed by the County of Los Angeles Auditor-Controller, Accounting Division.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)  
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Public Protection										
Flood Control										
Operation and maintenance costs per mile of storm drain maintained	\$ 1,602	\$ 2,423	\$ 2,127	\$ 2,312	\$ 2,712	\$ 2,753	\$ 3,451	\$ 2,545	\$ 3,008	\$ 2,395
Operation and maintenance costs per mile of channel maintained	46,046	54,977	46,530	53,235	50,413	44,375	54,852	60,661	61,806	67,635
Operation and maintenance costs per thousand cubic yards of debris basin capacity	1,741	1,137	918 <sup>(1)</sup>	1,142 <sup>(1)</sup>	2,096 <sup>(1)</sup>	2,365 <sup>(1)</sup>	2,161 <sup>(1)</sup>	1,668 <sup>(1)</sup>	1,442 <sup>(1)</sup>	1,595 <sup>(1)</sup>
Operation and maintenance costs per acre-foot of dam capacity	211	135	119 <sup>(1)</sup>	139 <sup>(1)</sup>	139 <sup>(1)</sup>	144 <sup>(1)</sup>	149 <sup>(1)</sup>	156 <sup>(1)</sup>	146 <sup>(1)</sup>	144 <sup>(1)</sup>

**Notes:**

(1) Excludes cost for sediment removal.

**Sources:**

FYs 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 Proposed County Budgets, Volume One.  
FYs 2010-11 through 2013-14 provided by Department of Public Works, Flood Maintenance Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)  
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Public Protection										
Linear Feet of Channel	2,924,837	2,926,093	2,929,431	2,933,167	2,944,493	2,944,493	2,957,914	2,970,206	2,975,226	2,975,226
Linear Feet of Storm Drain	15,087,435	15,150,380	15,198,381	15,270,645	15,339,825	15,387,010	15,502,797	15,594,973	15,623,480	15,644,408
CDS Units	17	17	17	24	33	47	57	65	67	67
Debris Basins	129	129	129	131	132	135	136	142	142	142
Debris Retaining Inlets	260	260	260	268	270	277	286	14,728	311	311
Detention/ Retention Basins	21	21	21	21	21	21	22	24	25	25
Crib Dams	234	234	234	234	234	234	234	234	234	234
Barriers	3	3	3	6	6	6	9	9	9	17
Pump Plants	52	52	53	53	53	53	53	53	53	48
Spreading Grounds	26	26	26	26	26	26	26	26	26	27
Dams	15	15	15	15	15	15	15	15	15	14
Stream Gauging Stations	60	60	60	60	60	60	60	60	60	60
Catch Basins	77,827	77,827	77,827	77,847	77,856	77,856	79,550	80,389	80,389	80,392

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Sources:

"Flood Network" for FY 2004-05 through FY 2013-14 provided by County of Los Angeles Department of Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

# Photo Gallery



# Los Angeles County Flood Control District

## Fiscal Year 2014 – Photo Gallery

### Flood Control District Facilities Provide Water Supply to Fight Fires



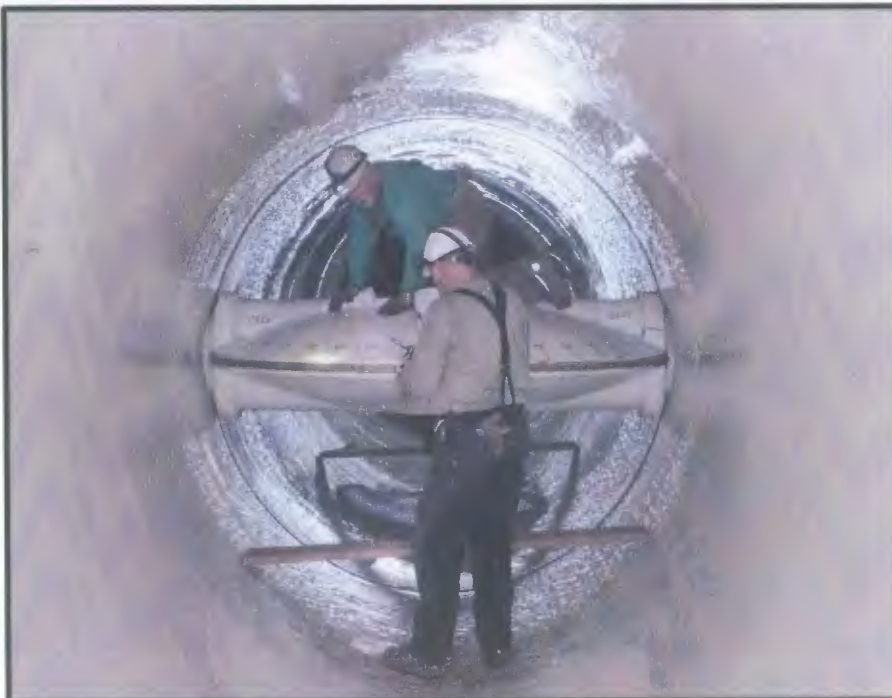
A firefighting helicopter recharges its water supply with water from Puddingstone Diversion Dam.



A firefighting aircraft unit pumps water from Public Works' San Gabriel Dam.



## San Gabriel Dam Penstock Coatings and Valve Repair Project



The \$12 million San Gabriel Dam Penstock Coatings and Valve Repair Project included removal of old coal tar and lead based paints and recoating with modern high performance materials. Leaking butterfly valves were retrofitted with new reinforced rubber seals.

Additional mechanical repairs and upgrades were completed to improve reliability and efficiency of the outlet works. The project is continuing progress and is scheduled for completion in Summer 2015.

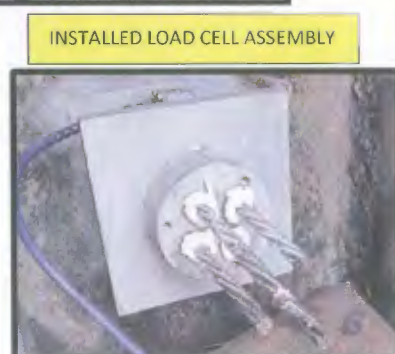
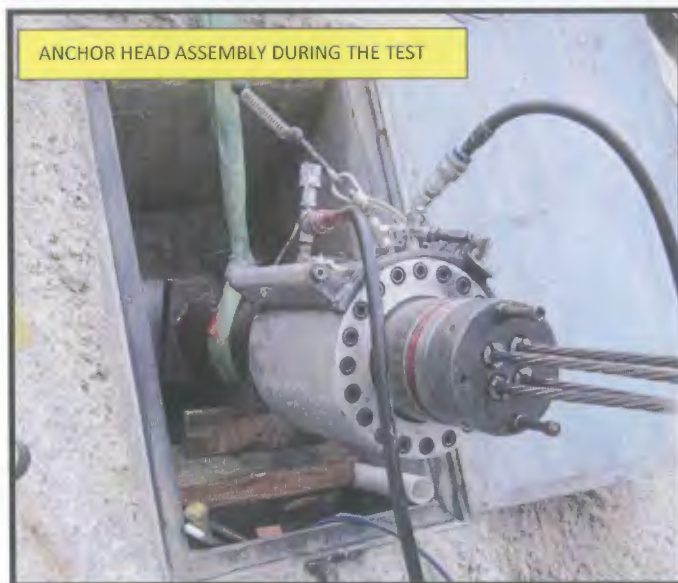


## San Dimas Dam Anchor Testing and Slope Stability Evaluation



Post-tensioned tendon anchors and rock bolts installed in 1979 at San Dimas Dam to stabilize the left abutment were tested to determine the remaining strength left in the anchors. An updated slope stability analysis was also conducted of the dam abutments.

Malfunctioning load cells, which are used to monitor the strength of the anchors, were upgraded to modern instrumentation.





## Eaton Wash Dam and Reservoir Inlet/Outlet Works Rehabilitation project



The Eaton Wash Dam and Reservoir Inlet/Outlet Works Rehabilitation project included seismic remediation and modification of the outlet works to ensure reliable operations following a seismic event. Eaton Wash Dam is able to capture up to 26 million gallons of storm water for local water supply.

The Eaton Wash Dam and Reservoir Inlet/Outlet Works Rehabilitation project also included a new water conservation valve which was installed to reduce outflow turbidity and increase downstream water quality.

This project recently won the APWA Project of the Year Award.





## Puddingstone Dam Seismic Reanalysis



The Puddingstone Dam Seismic Reanalysis Project involved extensive drilling and testing operations as part of the effort to ensure the dam was in compliance with modern seismic standards as defined by the State Division of Safety of Dams.





## Catch Basin and Debris Basin Cleanup



Above, Flood Control District crews clearing algae at Oxford basin.

Right, Flood Control District crews clearing obstructions of the outlet tower at a debris basin. Clearing the outlet allows storm water to continue to pass through the facility without overflowing the spillway, which helps retain more rock and mud and therefore better protect downstream homes.





## Los Angeles County Flood Control District



**Tom A. Tidemanson Building**  
**Public Works Headquarters**



**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT**

**AUDITOR'S COMMUNICATION LETTER,  
INDEPENDENT AUDITOR'S REPORT,  
CURRENT YEAR RECOMMENDATIONS, AND  
STATUS OF PRIOR YEAR RECOMMENDATIONS**

**June 30, 2014**

LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
June 30, 2014

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December 22, 2014

To the Honorable Board of Supervisors  
County of Los Angeles, California

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Los Angeles County Flood Control District (District), a component unit of the County of Los Angeles, California, as of and for the fiscal year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to the basic financial statements. As discussed in Note 2 to the basic financial statements, effective July 1, 2013, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Only GASB Statement No. 65 had an effect on the financial statements (see Note 13). We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the claims liability and the estimated historical costs and useful lives of capital assets. Management's estimate of the claims liability is based on estimates from the District's legal department, while the estimated historical costs and useful lives of capital assets are based on historical data and industry guidelines. We evaluated the key factors and assumptions used to develop the estimates above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no such misstatements during our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 22, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Statement of Changes in Assets & Liabilities – Fiduciary Funds, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the

information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory or Statistical Sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

*Restriction on Use*

This information is intended solely for the use of the County of Los Angeles Board of Supervisors and management of the Los Angeles County Flood Control District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Moss, Levy & Hartzheim".

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA





**PARTNERS**

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards***

To the Honorable Board of Supervisors  
County of Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Los Angeles County Flood Control District (District), a component unit of the County of Los Angeles, as of and for the fiscal year ended June 30, 2014, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 22, 2014

**CURRENT YEAR RECOMMENDATIONS**

No findings noted in the current fiscal year.



**STATUS OF PRIOR YEAR RECOMMENDATIONS**

No findings noted in the prior fiscal year.